BILL NO. S-97-04-11 **(AS AMENDED)** (as amended)(as amended)

ORDINANCE NO. D-63-97

AN ORDINANCE, CONCERNING THE CONSTRUCTION OF IMPROVEMENTS TO THE SEWAGE WORKS OF THE CITY OF FORT WAYNE, INDIANA; AUTHORIZING THE ISSUANCE OF SEWAGE WORKS JUNIOR REVENUE BONDS OF 1997 FOR SUCH PURPOSE; ADDRESSING OTHER MATTERS CONNECTED THEREWITH, INCLUDING THE ISSUANCE OF NOTES IN ANTICIPATION OF BONDS; AND REPEALING ORDINANCES INCONSISTENT HEREWITH

WHEREAS, the City of Fort Wayne, Indiana (the "City") has heretofore established, constructed and financed a municipal sewage works and now owns and operates the sewage works pursuant to IC 36-9-23, and other applicable laws; and

WHEREAS, the Common Council of the City (the "Common Council") now finds that certain improvements to said works are necessary; and that plans, specifications and estimates have been prepared and filed by the engineers employed by the City for the construction of said improvements (as more fully set forth in Exhibit A attached hereto) (the "Project"), which plans and specifications have been submitted to all government authorities having jurisdiction, particularly the Indiana Department of Environmental Management ("IDEM"), if and to the extent IDEM approval is required under Indiana law, and have been or will be approved by the aforesaid government authorities and are hereby incorporated herein by reference and open for inspection at the office of the Clerk of the City (the "Clerk") as required by law; and

WHEREAS, the City has obtained engineer's estimates of the costs for the construction of the Project; that on the basis of said estimates, the estimated cost of the Project, as defined in IC 36-9-23 and IC 36-9-1, including incidental expenses, will not exceed the amount of $27,400,000; and

WHEREAS, the City will not apply other funds to the cost of the Project, leaving the entire cost of $27,400,000 to be financed; and

WHEREAS, the Common Council finds that there are not available sufficient funds of the sewage works to construct the Project, and that sewage works revenue bonds shall be issued to pay the costs of the Project, including incidental expenses; and

WHEREAS, the City has outstanding certain Sewage Works Improvement Revenue Bonds of 1975 (the "1975 Bonds"), maturing on August 1, 1997, which bonds constitute a first charge upon the net revenues of the sewage works; and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Bonds of 1982 (the "1982A Bonds") maturing on August 1 in the years 1997 to 2000, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1975 Bonds; and

WHEREAS, the City also has outstanding certain Sewer Connection Revenue Bonds of 1982 (the "1982B Bonds") maturing on August 1 in the years 1997 and 1998, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1975 Bonds and the 1982A Bonds (the 1982B Bonds, the 1975 Bonds, and the 1982A Bonds collectively, the "Refunded Bonds"); and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Refunding Bonds (separately, the "1985 Bonds", and collectively with the Refunded Bonds, the "Senior Bonds"), authorized by Ordinance No. D-218-85 (the "1985 Ordinance") maturing on February 1 and August 1 of each year from 1997 through 2000, inclusive, and on August 1, 2005, and also subject to mandatory sinking fund redemption on February 1 and August 1 of each year from 2001 through 2005, inclusive, which bonds were issued for the purpose of refunding the Refunded Bonds, and which bonds constitute a second charge upon the net revenues of the sewage works and are junior to the Refunded Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Junior Refunding Revenue Bonds of 1993 (the "1993 Bonds"), authorized by Special Ordinance No. S-42-93, as amended by Ordinance No. S-55-93 (the "1993 Ordinance") in the amount of Five Million Seventy Thousand Dollars ($5,070,000) maturing on August 1 of each year from 1997 through 2008, inclusive, and on August 1, 2010, and also subject to mandatory sinking fund redemption on August 1, 2009, which bonds constitute a third charge upon the net revenues of the sewage works and are junior to the Senior Bonds; and

WHEREAS, the City has outstanding certain Sewage Works Junior Revenue Bonds of 1994, authorized by Special Ordinance No. S-08-94 (separately the "1994 Ordinance," and collectively with the 1993 Ordinance, the "Parity Ordinances"), in the amount of Six Million Two Hundred Fifteen Thousand Dollars ($6,215,000) (separately the "1994 Bonds", and collectively with the 1993 Bonds, the "Parity Bonds"), maturity on August 1 of each year from 1977 through 2009, inclusive, which bonds constitute a third change upon the net revenues of the sewage works on a parity with the 1993 Bonds and are junior to the Senior Bonds; and

WHEREAS, the 1985 Ordinance provides that the City may authorize and issue additional bond payable out of the Net Revenues of its sewage works which are junior and subordinate to the 1985 Bonds; and

WHEREAS, the Parity Ordinances provide that the City may authorize and issue additional bonds payable out of the Net Revenues of its sewage works ranking on a parity with the Parity Bonds for the purpose of financing the cost of future additions, extensions and improvements to its sewage works, or to refund obligations, subject to the provisions of Section 16 of the 1993 Ordinance and Section 15 of the 1994 Ordinance; and

WHEREAS, the conditions precedent to the issuance of bonds junior and subordinate to the 1985 Bonds and on a parity with the Parity Bonds as set forth in the 1985 Ordinance and the Parity Ordinances, as described above, have been satisfied; and

WHEREAS, the City desires to authorize the issuance of BANs hereunder, if necessary, payable solely from the proceeds of the sewage works revenue bonds issued to finance the aforementioned costs of the Project, and to authorize the refunding of said BANs, if issued; and

WHEREAS, the Common Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of sewage works revenue bonds and BANs have been complied with in accordance with the provisions of IC 36-9-23, as amended, (the "Act");

NOW THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA THAT:

Section 1. Project. The City shall proceed with the construction of the Project in accordance with the cost estimates, and the plans and specifications heretofore prepared and filed by the consulting engineers employed by the City which cost estimates, plans and specifications are by reference made a part of this ordinance as fully as if the same were attached hereto and incorporated herein and two copies of which are now on file in the office of the Clerk and are open for public inspection pursuant to IC 36-1-5-4. The cost of construction of the Project shall not exceed the sum of $23,500,000, plus investment earnings, without further authorization from this Council. The terms "sewage works," "works," and other like terms where used in this ordinance shall be construed to mean and include all structures and property of the City's sewage utility, including items defined at IC 36-9-1-8. The Project shall be constructed in accordance with the plans and specifications heretofore mentioned, which plans and specifications are hereby approved. The actions of the Board of Public Works of the City taken in connection

with the Project are hereby approved, ratified and confirmed. The Project shall be constructed and the bonds herein authorized shall be issued pursuant to and in accordance with the Act.

Section 2. Authorization of Obligations.

(a) Bond Anticipation Notes. The City shall issue, if necessary, BANs for the purpose of procuring interim financing to apply to the cost of the Project. The City shall issue its BANs, in one or more series, in an aggregate amount not to exceed Twenty-Three Million Five Hundred Thousand Dollars ($23,500,000) to be designated "Sewage Works Bond Anticipation Notes" and the year of issuance. Said BANs shall be numbered consecutively from 97R-1 upward, shall be in multiples of Five Thousand Dollars ($5,000), shall be dated as of the date of delivery thereof, and shall bear interest at a rate not to exceed 6% per annum (the exact rate or rates to be determined through negotiations with the purchaser of the BANs) payable upon maturity. The BANs will mature one (1) year after their date of delivery. The BANs are subject to renewal or extension at an interest rate or rates not to exceed 6% per annum (the exact rate or rates to be negotiated with the purchaser of the BANs). The term of the BANs and all renewal BANs may not exceed five years from the date of delivery of the initial BANs. The BANs shall be registered in the name of the purchasers thereof.

The BANs shall be issued pursuant to IC 5-1.5-8-6.1 if sold to the Indiana Bond Bank or pursuant to IC 5-1-14-5 if sold to a financial institution or any other purchaser. The principal of and interest on the BANs shall be payable solely from the issuance of the 1997 Bonds (as hereinafter defined) pursuant to and in the manner prescribed by the Act.

(b) 1997 Bonds. The City shall issue its "Sewage Works Junior Revenue Bonds of 1997" (the "1997 Bonds"), in one or more series, in an aggregate principal amount not to exceed Twenty Seven Million Four Hundred Thousand Dollars ($27,400,000) (the "Authorized Amount"), for the purpose of procuring funds to be applied to the costs of the Project, and the payment of costs of issuance.

The 1997 Bonds shall be issued in the denomination of Five Thousand Dollars ($5,000) each or integral multiples thereof, numbered consecutively from 97R-1 upward, dated as of the first day of the month in which they are sold. The bonds shall bear interest at a rate or rates not exceeding 8.0% per annum (the exact rate or rates to be determined by bidding or as negotiated with the Indiana Bond Bank), and interest shall be payable semiannually on February 1 and August 1 in each year, beginning on February 1, 1998. Interest on the BANs and the 1997 Bonds shall be calculated according to a 360-day calendar year containing twelve 30-day months. The 1997 Bonds shall mature, or shall be subject to mandatory sinking fund

redemption, beginning August 1, 1998, and on August 1 of each year thereafter over a period ending not later than August 1, 2012 and in such amounts which will achieve as level debt service as practicable with Five Thousand Dollars ($5,000) denominations, the amount of each maturity to be determined by the Controller of the City.

The 1997 Bonds shall be sold at a price of not less than 98% of the par value thereof, unless sold to the Indiana Bond Bank, in which case such price shall not be less than 97.0% of the par value thereof (the "Sale Price"). All or a portion of the 1997 Bonds may be issued as one or more term bonds, upon election of the successful bidder. Such term bonds shall have a stated maturity or maturities of August 1, in the years as determined by the successful bidder, but in no event later than the last serial maturity date of the bonds as determined in the above paragraph. The term bonds shall be subject to mandatory sinking fund redemption and final payment(s) at maturity at 100% of the principal amount thereof, plus accrued interest to the redemption date, on principal payment dates which are hereinafter determined in accordance with the above paragraph.

Section 3. Pledge of Net Revenues; Payment of Principal and Interest. The 1997 Bonds, and any bonds ranking on a parity therewith, including the Parity Bonds, as to principal, premium, if any, and interest, shall be payable from and are hereby secured by an irrevocable pledge of and shall constitute a charge upon all the net revenues (defined as gross revenues of the sewage works after deduction only for the payment of the reasonable cost of operation, repair and maintenance but not including depreciation and payments in lieu of taxes (the "Net Revenues")) of the sewage works of the City, which 1997 Bonds constitute a third charge on said Net Revenues on a parity with the Parity Bonds and junior and subordinate to the Senior Bonds. The City shall not be obligated to pay the 1997 Bonds or the interest thereon except from the Net Revenues of the works, and the 1997 Bonds shall not constitute an indebtedness of the City or any municipal corporation or political subdivision of the State of Indiana within the meaning of the provisions and limitations of the constitution of the State of Indiana.

The principal of the 1997 Bonds and the principal and interest on the BANs shall be payable at the principal office of the Paying Agent (as defined in Section 5). All payments of interest on the 1997 Bonds shall be paid by check, mailed one business day prior to the interest payment date to the registered owners thereof as the names appear as of the fifteenth day of the month preceding the interest payment date and at the addresses as they appear on the registration books kept by the Registrar (as defined in Section 5) or at such other address as is provided to the Paying Agent in writing by such registered owner. All payments on the 1997 Bonds shall be made in any coin or currency of the United States of America, which on the date of such payment, shall be legal tender for the payment of public and private debts.

If the BANs or 1997 Bonds are registered in the name of the Indiana Bond Bank or a registered owner in whose name is held $1,000,000 or more of principal amount of the 1997 Bonds, the principal of and interest thereon may be paid by wire transfer to such financial institution as designated by the Indiana Bond Bank or such registered owner, or as otherwise agreed, on the due date of such payment or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date.

Interest on the 1997 Bonds shall be payable from the interest payment date to which interest has been paid next preceding the authentication date of the 1997 Bonds unless the 1997 Bonds are authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case they shall bear interest from such interest payment date, or unless the 1997 Bonds are authenticated on or before January 15, 1998, in which case they shall bear interest from the original date until the principal shall be fully paid.

Section 4. Transfer or Exchange of Bonds. Each 1997 Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose at the principal corporate trust office of the Registrar by the registered owner in person, or by its attorney duly authorized in writing, upon surrender of such 1997 Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner, or its attorney duly authorized in writing, and thereupon a new fully registered 1997 Bond or Bonds in an authorized aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City except for any tax or governmental charge required to be paid with respect to the transfer or exchange, which taxes or governmental charges are payable by the person requesting such transfer or exchange. The City, the Registrar and the Paying Agent for the 1997 Bonds may treat and consider the person in whose name such 1997 Bonds are registered as the absolute owner thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest due thereon.

In the event any 1997 Bond is mutilated, lost, stolen or destroyed, the City may execute and the Registrar may authenticate a new bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed, which new bond shall be marked in a manner to distinguish it from the bond for which it was issued, provided that, in the case of any mutilated bond, such mutilated bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed bond there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and the Registrar, together with indemnity

satisfactory to them. In the event any such bond shall have matured, instead of issuing a duplicate bond, the City and the Registrar may, upon receiving indemnity satisfactory to them, pay the same without surrender thereof. The City and the Registrar may charge the owner of such 1997 Bond with their reasonable fees and expenses in this connection. Any bond issued pursuant to this paragraph shall be deemed an original, substitute contractual obligation of the City, whether or not the lost, stolen or destroyed 1997 Bond shall be found at any time, and shall be entitled to all the benefits of this Ordinance, equally and proportionately with any and all other 1997 Bonds issued hereunder.

Section 5. Registrar and Paying Agent. The Controller is hereby authorized to contract with a qualified financial institution to serve as Registrar and Paying Agent for the 1997 Bonds (the "Registrar", or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the 1997 Bonds. The Controller is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of a Registrar and Paying Agent. The Controller is further authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent and such fees may be paid from the Sinking Fund established to pay the principal of and interest on the 1997 Bonds as fiscal agency charges.

As to the BANs, and the 1997 Bonds if sold to the Indiana Bond Bank, the Controller shall serve as Registrar and Paying Agent and is hereby charged with the duties of Registrar and Paying Agent.

The Registrar and Paying Agent may at any time resign as Registrar and Paying Agent upon giving 30 days' notice in writing to the City and by first class mail to each registered owner of the 1997 Bonds then outstanding, and such resignation will take effect at the end of such 30 day period or upon the earlier appointment of a successor registrar and paying agent by the City. Any such notice to the City may be served personally or sent by registered mail. The Registrar and Paying Agent may be removed at any time as Registrar and Paying Agent by the City, in which event the City may appoint a successor registrar and paying agent. The City shall notify each registered owner of the 1997 Bonds then outstanding by first class mail of the removal of the Registrar and Paying Agent. Notices to the registered owners of the 1997 Bonds shall be deemed to be given when mailed by first class mail to the addresses of such registered owners as they appear on the registration books kept by the Registrar.

Upon the appointment of any successor registrar and paying agent by the City, the Controller is authorized and directed to enter into such agreements and understandings with such successor registrar and paying agent as will enable the institution to perform the services required of a registrar and paying agent for the

1997 Bonds. The Controller is further authorized to pay such fees as the successor registrar and paying agent may charge for the services it provides as registrar and paying agent and such fees may be paid from the Sinking Fund established to pay the principal of and interest on the 1997 Bonds and fiscal agency charges. Any predecessor registrar and paying agent shall deliver all of the 1997 Bonds and any cash or investments in its possession with respect thereto, together with the registration books, to the successor registrar and paying agent.

Section 6. Redemption of BANs and 1997 Bonds. (a) The BANs are prepayable by the City, in whole or in part, at any time upon 7 days' notice to the owner of the BANs, without any premium.

(b) The 1997 Bonds may be made redeemable at the option of the City on thirty (30) days' notice, in whole or in part, in inverse order of maturities selected by the City and by lot within a maturity, on dates and with premiums, if any, and other terms as determined by the Mayor and Controller of the City, with the advice of the City's financial advisor, as evidenced by delivery of the form of 1997 Bonds to the Registrar for authentication.

Notice of redemption shall be mailed by first-class mail or by registered or certified mail to the address of each registered owner of a 1997 Bond to be redeemed as shown on the Registration Record not more than sixty (60) days and not less than thirty (30) days prior to the date fixed for redemption except to the extent such redemption notice is waived by owners of 1997 Bonds redeemed, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any 1997 Bond shall not affect the validity of any proceedings for the redemption of any other 1997 Bonds. The notice shall specify the date and place of redemption, the redemption price and the CUSIP numbers of the 1997 Bonds called for redemption. The place of redemption may be determined by the City. Interest on the 1997 Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such 1997 Bonds shall no longer be protected by this Ordinance and shall not be deemed to be outstanding hereunder, and the holders thereof shall have the right only to receive the redemption price.

All 1997 Bonds which have been redeemed shall be canceled and shall not be reissued; provided, however, that one or more new registered bonds shall be issued for the unredeemed portion of any 1997 Bond without charge to the holder thereof.

No later than the date fixed for redemption, funds shall be deposited with the Paying Agent or another paying agent to pay, and such agent is hereby authorized and directed to apply such funds to the payment of, the 1997 Bonds or portions thereof called for redemption, including accrued interest thereon to the redemption

date. No payment shall be made upon any 1997 Bond or portion thereof called for redemption until such 1997 Bond shall have been delivered for payment or cancellation or the Registrar shall have received the items required by this Ordinance with respect to any mutilated, lost, stolen or destroyed bond.

Section 7. Execution and Negotiability. Each of the BANs and 1997 Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor and the Controller, and attested by the manual or facsimile signature of the Clerk, and the Seal of the City shall be affixed, imprinted or impressed to or on each of the BANs and 1997 Bonds manually, by facsimile or any other means. In case any officer whose signature or facsimile signature appears on the 1997 Bonds shall cease to be such officer before the delivery of the 1997 Bonds, the signature of such officer shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

The 1997 Bonds shall also be authenticated by the manual signature of the Registrar, and no 1997 Bond shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed.

The BANs and 1997 Bonds shall have all of the qualities and incidents of negotiable instruments under the laws of the State of Indiana, subject to the provisions for registration herein.

Section 8. Authorization of Book Entry System. The 1997 Bonds may, in compliance with all applicable laws, be initially issued and held in book-entry form on the books of the central depository system, The Depository Trust Company, its successors, or any successor central depository system appointed by the City from time to time (the "Clearing Agency"), without physical distribution of bonds to the purchasers. The following provisions of this Section apply in such event.

One definitive 1997 Bond of each maturity shall be delivered to the Clearing Agency and held in its custody. The City and Registrar may, in connection herewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the 1997 Bonds, as are necessary or appropriate to accomplish or recognize such book-entry form 1997 Bonds.

During any time that the 1997 Bonds are held in book-entry form on the books of a Clearing Agency (1) any such 1997 Bond may be registered upon the books kept by the Registrar in the name of such Clearing Agency, or any nominee thereof, including CEDE & Co.; (2) the Clearing Agency in whose name such 1997 Bond is so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such 1997 Bond for all purposes of this Ordinance, including, without limitation, the receiving

of payment of the principal of, premium, if any, on and interest on such 1997 Bond, the receiving of notice and giving of consent; (3) neither the City nor the Registrar or Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any 1997 Bond, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any 1997 Bond or any responsibility or obligation hereunder with respect to the receiving of payment of principal, premium, if any, or interest on any 1997 Bond, the receiving of notice or the giving of consent; and (4) the Clearing Agency is not required to present any 1997 Bond called for partial redemption prior to receiving payment so long as the Registrar and Paying Agent and the Clearing Agency have agreed to the method for noting such partial redemption.

If either (i) the City receives notice from the Clearing Agency which is currently the registered owner of the 1997 Bonds to the effect that such Clearing Agency is unable or unwilling to discharge its responsibility as a Clearing Agency for the 1997 Bonds or (ii) the City elects to discontinue its use of such Clearing Agency as a Clearing Agency for the 1997 Bonds, then the City and Registrar and Paying Agent each shall do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the 1997 Bonds, as are necessary or appropriate to discontinue use of such Clearing Agency as a Clearing Agency for the 1997 Bonds and to transfer the ownership of each of the 1997 Bonds to such person or persons, including any other Clearing Agency, as the holder of the 1997 Bonds may direct in accordance with this Ordinance. Any expenses of such discontinuance and transfer, including expenses of printing new certificates to evidence the 1997 Bonds, shall be paid by the City.

During any time that the 1997 Bonds are held in book-entry form on the books of a Clearing Agency, the Registrar shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owners of the 1997 Bonds as of a record date selected by the Registrar. For purposes of determining whether the consent, advice, direction or demand of a registered owner of the Bond has been obtained, the Registrar shall be entitled to treat the beneficial owners of the 1997 Bonds as the bondholders and any consent, request, direction, approval, objection or other instrument of such beneficial owner may be obtained in the fashion described in this Ordinance.

During any time that the 1997 Bonds are held in book-entry form on the books of a Clearing Agency, the Mayor, the Controller, the Clerk and the Registrar are authorized to enter into a Letter of Representations agreement with the Clearing

Agency, and the provisions of any such Letter of Representations or any successor agreement shall control on the matters set forth herein. The Registrar, by accepting the duties of Registrar under this resolution, agrees that it will (i) undertake the duties of agent set forth therein and that those duties to be undertaken by either the agent or the issuer shall be the responsibility of the Registrar, and (ii) comply with all requirements of the Clearing Agency, including without limitation same day funds settlement payment procedures. Further, so long as the 1997 Bonds remain and are held in book-entry form, the provisions of Section 8 of this Ordinance shall control over conflicting provisions in any other section of this Ordinance.

Section 9. Form of 1997 Bonds. The form and tenor of the 1997 Bonds shall be substantially as follows, all blanks to be filled in properly and all necessary additions and deletions to be made prior to delivery:

R-__

UNITED STATES OF AMERICA

STATE OF INDIANA COUNTY OF ALLEN

CITY OF FORT WAYNE
SEWAGE WORKS JUNIOR REVENUE
BOND OF 1997

Interest Rate	Maturity Date	Original Date	Authentication Date	CUSIP

REGISTERED OWNER:

PRINCIPAL SUM: Dollars ($_____

The City of Fort Wayne, in Allen County, State of Indiana (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns, solely out of the special revenue fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above (unless this bond be subject to and be called for redemption prior to maturity as hereinafter provided), and to pay interest hereon at the Interest Rate per annum stated above, from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case it shall bear interest from such interest payment date, or unless this bond is authenticated on or before January 15, 1998, in which case it shall

bear interest from the Original Date, until the principal is paid, which interest is payable semiannually on the first days of February and August in each year, beginning on February 1, 1998.

The principal of and premium, if any, on this bond are payable at the principal office of _____ (the "Registrar", or "Paying Agent"), in the _____, _____. All payments of interest on this bond shall be paid by check, mailed one business day prior to the interest payment date or, in the event of purchase by the Indiana Bond Bank or such owner in whose name is registered $1,000,000 or more principal amount of the Bonds by wire transfer for deposit to a financial institution as designated by the Indiana Bond Bank or such registered owner on the due date or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date, to the registered owner hereof as of the fifteenth day of the month preceding such interest payment date at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the registered owner. All payments on the bond shall be made in any coin or currency of the United States of America, which on the dates of such payment, shall be legal tender for the payment of public and private debts.

THE CITY SHALL NOT BE OBLIGATED TO PAY THIS BOND OR THE INTEREST HEREON EXCEPT FROM THE HEREINAFTER DESCRIBED SPECIAL FUND, AND NEITHER THIS BOND NOR THE ISSUE OF WHICH IT IS A PART SHALL IN ANY RESPECT CONSTITUTE A CORPORATE INDEBTEDNESS OF THE CITY WITHIN THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA.

The terms and provisions of this bond are continued on the reverse side hereof and such terms and provisions shall for all purposes have the same effect as though fully set forth at this place.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the execution, issuance and delivery of this bond have been done and performed in regular and due form as provided by law.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by an authorized representative of the Registrar.

IN WITNESS WHEREOF, the City of Fort Wayne, in Allen County, Indiana, has caused this bond to be executed in its corporate name by the manual or facsimile signature of the Mayor and Controller, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its

Clerk.

CITY OF FORT WAYNE, INDIANA

By _____

By _____

[SEAL]

Attest:

_____
Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Ordinance.

_____
As Registrar

By _____
Authorized Representative

(To be printed on Reverse Side)

This bond is one of an authorized issue of bonds of the City of Fort Wayne, Indiana, of like date, tenor and effect, except as to denomination numbering rates of interest, redemption terms and dates of maturity; aggregating _____ Dollars ($_____), numbered consecutively from 97R-1 upward (the "Bonds"), issued for the purpose of providing funds to be applied on the cost of improvements to the City's sewage works (the "Project"), to refund interim notes, if any, issued in anticipation of the Bonds and to pay costs of issuance of the Bonds. This bond is issued pursuant to an ordinance adopted by the Common Council of said City on the _____ day of _____, 1997, entitled "An Ordinance concerning the construction of improvements to the sewage works of the City of Fort Wayne, Indiana, authorizing the issuance of Sewage Works Junior Revenue Bonds of 1997, for such purpose; addressing other matters connected therewith, including the issuance of notes in anticipation of bonds; and repealing ordinances inconsistent herewith" (the "Ordinance"), and in

accordance with the provisions of Indiana law, including without limitation Indiana Code 36-9-23, as amended (the "Act").

Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on this bond and all other bonds of said issue, the Parity Bonds (as hereinafter defined), and any bonds hereafter issued on a parity therewith, are payable solely from the Sewage Works Sinking Fund (the "Sinking Fund") created by the 1938 Ordinance (as defined in the Ordinance) and maintained under the Ordinance to be provided from the Net Revenues (defined as the gross revenues of the sewage works of the City remaining after deduction only for the reasonable cost of operation, repair and maintenance but not including depreciation and payments in lieu of taxes) of the sewage works of the City. This bond and the issue of which it is a part, together with any parity bonds hereafter issued, constitute a third charge against said Net Revenues on a parity with the City's Sewage Works Junior Refunding Revenue Bonds of 1993 and the City's Sewage Works Junior Revenue Bonds of 1994 (collectively, the "Parity Bonds") and are junior and subordinate to the City's 1985 Sewage Works Revenue Refunding Bonds (the "1985 Bonds"), which 1985 Bonds are junior to prior bonds which were refunded with proceeds of the 1985 Refunding Bonds (the 1985 Bonds and such refunded bonds collectively, the "Senior Bonds"), which Refunded Bonds constitute a first charge against said net revenues, all as more fully described in the Ordinance.

The City irrevocably pledges the entire Net Revenues of the sewage works to the prompt payment of the principal and premium, if any, of and interest on the bonds authorized by the Ordinance, of which this is one, and any bonds ranking on a parity therewith, including the Parity Bonds, subject to the rights of the Senior Bonds, to the extent necessary for such purposes, and covenants that it will cause to be fixed, maintained and collected such rates and charges for services rendered by the utility as are sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the sewage works and for the payment of the sums required to be paid into the Sinking Fund under the provisions of the Act and the Ordinance. In the event that the City or the proper officers thereof shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of the interest on or principal of this bond, the owner of this bond shall have all of the rights and remedies provided for in the Act, including the right to have a receiver appointed to administer the works and to charge and collect rates sufficient to provide for the payment of this bond and the interest hereon, subject to the rights of the holders of the Senior Bonds.

The City further covenants that for so long as the bonds of this issue and any bonds issued on a parity therewith, including the Parity Bonds, remain outstanding, it will set aside and pay into the Sinking Fund a sufficient amount of the Net Revenues of the works to pay (a) the principal and interest on all bonds which by their terms

are payable from the net revenues of the sewage works of the City, as such principal and interest shall fall due, (b) the necessary fiscal agency charges for paying all bonds and interest as required by the Ordinance, and (c) an additional amount to accumulate and maintain a reserve for the payment of bonds equal to Reserve Requirement, which is equal to the least of (i) the maximum amount debt service on the bonds, (ii) 125% of average amount debt service on the bonds, and (iii) 10% of the stated principal amount of the bonds. Reference is made to the Ordinance for a more complete statement of the revenues from which and conditions under which this bond is payable, a statement of the conditions on which obligations may hereafter be issued on parity with this bond, the manner in which the Ordinance may be amended and the general covenants and provisions pursuant to which this bond has been issued.

The bonds of this issue maturing on and after August 1, ____ are redeemable at the option of the City on August 1, ____, or any date thereafter, on thirty (30) days' notice, in whole or in part, in inverse order of maturity and by lot within a maturity, at face value, together with the following premiums:

___% if redeemed on August 1, ____ or thereafter
on or before September 30, ____;
___% if redeemed on August 1, ____, or thereafter
on or before September 30, ____;
___% if redeemed on August 1, _____, or thereafter
prior to maturity;

plus accrued interest to the date fixed for redemption. If less than all of the bonds are called for redemption at one time, the bonds shall be redeemed in inverse order of maturity and by lot within a maturity. Each Five Thousand Dollars ($5,000) principal amount shall be considered a separate bond for purposes of redemption.

Notice of such redemption shall be mailed to the address of the registered owners of the bonds to be redeemed as shown on the registration records of the City, as of the date which is not more than sixty (60) days prior to such redemption date, and not less than thirty (30) days prior to the date fixed for redemption unless the notice is waived by the registered owner of this bond. The notice shall specify the date and place of redemption and sufficient identification of the bonds called for redemption. The place of redemption may be determined by the City. Interest on the bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such bonds shall no longer be protected by the Ordinance and shall not be deemed to be outstanding thereunder, and the holders thereof shall have the right only to receive the redemption price.

If this bond shall not be presented for payment or redemption on the date fixed therefor, the City may deposit in trust with its depository bank, an amount sufficient to pay such bond or the redemption price, as the case may be, and thereafter the registered owner shall look only to the funds so deposited in trust with said bank for payment and the City shall have no further obligation or liability in respect thereto.

This bond is transferable or exchangeable only upon the books of the City kept for that purpose at the principal corporate trust office of the Registrar by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner, or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in an authorized aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or to the registered owner, as the case may be, in exchange therefor. This bond may be transferred without cost to the registered owner except for any tax or governmental charge required to be paid with respect to the transfer. The City, the Registrar, the Paying Agent and any other registrar or paying agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest and premium, if any due thereon.

This bond is subject to defeasance prior to redemption or payment as provided in the Ordinance referred to herein. THE OWNER OF THIS BOND, BY THE ACCEPTANCE HEREOF, HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN THE ORDINANCE. The Ordinance may be amended without the consent of the owners of the bonds as provided in the Ordinance if the Common Council of the City determines, in its sole discretion, that the amendment shall not adversely affect the rights of any of the owners of the bonds.

The bonds maturing in any one year are issuable only in fully registered form in the denomination of $5,000 or any integral multiple thereof.

A Continuing Disclosure Contract from the City to each registered owner or holder of any bond, dated as of the date of initial issuance of the bonds (the "Contract"), has been executed by the City, a copy of which is available from the City and the terms of which are incorporated herein by this reference. The Contract contains certain promises of the City to each registered owner or holder of any bond, including a promise to provide certain continuing disclosure. By its payment for and acceptance of this bond, the registered owner or holder of this bond assents to the Contract and to the exchange of such payment and acceptance for such promises.

The following abbreviations, when used in the inscription of the face of this bond, shall be construed as through they were written out in full according to applicable laws or regulations:

TEN. COM.	as tenants in common
TEN. ENT.	as tenants by the entireties
JT. TEN.	as joint tenants with right of survivorship and not as tenants in common
UNIF. TRAN. MIN. ACT	_____ Custodian _____ (Cust.) (Minor) under Uniform Transfer to Minors Act of _____ (State)

Additional abbreviations may also be used although not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ this bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer the within bond in the books kept for the registration thereof with full power of substitution in the premises.

Dated: _____

_____

NOTICE: The Signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor participating in a Securities Transfer Association recognized signature guarantee program.

[END OF BOND FORM]

Section 10. Sale of Bonds. (a) The Controller shall cause to be published a notice of sale once each week for two consecutive weeks in accordance with Indiana Code Section 5-3-1-2. The date fixed for the sale shall not be earlier than fifteen (15) days after the first of such publications and not earlier than three (3) days after the second of such publications. Said bond sale notice shall state the time and place of sale, the purpose for which the 1997 Bonds are being issued, the total amount thereof, the amount and date of each maturity, the maximum rate or rates of interest thereon, their denominations, the time and place of payment, the terms and conditions upon which bids will be received and the sale made and such other information as is required by law or as the Controller shall deem necessary, including any terms and conditions of sale which provide an exclusion from the applicability of the SEC Rule (as defined below) or otherwise provide an exemption from all or any portion of the SEC Rule, in which case the Controller may set the minimum authorized denomination of the 1997 Bonds at One Hundred Thousand Dollars ($100,000) as contemplated by the SEC Rule.

All bids for the 1997 Bonds shall be sealed and shall be presented to the Controller in accord with the terms set forth in the bond sale notice. Bidders for the 1997 Bonds shall be required to name the rate or rates of interest which the 1997 Bonds are to bear, which shall be the same for all 1997 Bonds maturing on the same date and the interest rate bid on any maturity of 1997 Bonds must be no less than the interest rate bid on any and all prior maturities, not exceeding eight percent (8%) per annum, and such interest rate or rates shall be in multiples of one hundredth of one percent. The Controller shall award the 1997 Bonds to the bidder who offers the lowest interest cost, to be determined by computing the total interest on all the 1997 Bonds to their maturities and deducting therefrom the premium bid, if any, or adding thereto the amount of the discount, if any. No bid for less than ninety-eight (98%) of the par value of the 1997 Bonds, plus accrued interest, shall be considered. The Controller may require that all bids be accompanied by certified or cashier's checks payable of the aggregate principal amount of the 1997 Bonds as a guaranty of the performance of said bid, should it be accepted. In the event no satisfactory bids are received on the day named in the sale notice, the sale may be continued from day to day thereafter for a period of thirty (30) days without readvertisement; provided, however, that if said sale is continued, no bid shall be accepted which offers an interest cost which is equal to or higher than the best bid received at the time fixed

for sale in the bond sale notice. The Controller shall have full right to reject any and all bids.

As an alternative to public sale, the Controller may negotiate the sale of the 1997 Bonds to the Indiana Bond Bank at an interest rate or rates not exceeding eight percent (8%) per annum. The Mayor, the Controller and the Clerk are hereby authorized to (i) submit an application to the Indiana Bond Bank, (ii) execute a purchase agreement with the Indiana Bond Bank; and (iii) sell such 1997 Bonds upon such terms as are acceptable to the Mayor and the Controller consistent with the terms of this Ordinance.

After the 1997 Bonds have been properly sold and executed, the Controller shall receive from the purchasers payment for the 1997 Bonds and shall provide for delivery of the 1997 Bonds to the purchasers.

(b) The Controller is hereby authorized and directed to have the BANs and the 1997 Bonds prepared, and the Mayor, the Controller, and the Clerk are hereby authorized and directed to execute and attest the BANs and the 1997 Bonds in the form and manner provided herein. The Controller is hereby authorized and directed to deliver the BANs and the 1997 Bonds to the respective purchasers thereof. At the time of delivery of the BANs and the 1997 Bonds, the Controller shall collect the full amount which the respective purchasers have agreed to pay therefor, which amount shall not be less than 99.5% of the face value of said BANs and 98% of the value of the 1997 Bonds plus accrued interest to the date of delivery.

(c) The 1997 Bonds, when fully paid for and delivered to the Purchaser, as hereinafter defined, shall be the binding special revenue obligations of the City, payable out of the Net Revenues of the sewage works.

(d) The Mayor, the Controller and Clerk are hereby authorized to deem final an official statement with respect to the 1997 Bonds, as of its date, in accordance with the provisions of Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "SEC Rule"), subject to completion as permitted by the SEC Rule, and the City further authorizes the distribution of the deemed final official statement, and the execution, delivery and distribution of such document as further modified and amended with the approval of the Mayor, the Controller or the Clerk in the form of a final official statement.

In order to assist any underwriter of the 1997 Bonds in complying with paragraph (b)(5) of the SEC Rule by undertaking to make available appropriate disclosure about the City and the 1997 Bonds to participants in the municipal securities market, the City hereby covenants, agrees and undertakes, in accordance with the SEC Rule, unless excluded from the applicability of the SEC Rule or

otherwise exempted from the provisions of paragraph (b)(5) of the SEC Rule, that it will comply with and carry out all of the provisions of the continuing disclosure contract. "Continuing disclosure contract" shall mean that certain continuing disclosure contract executed by the City and dated the date of issuance of the 1997 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The execution and delivery by the City of the continuing disclosure contract, and the performance by the City of its obligations thereunder by or through any employee or agent of the City, are hereby approved, and the City shall comply with and carry out the terms thereof.

(e) In connection with the sale of the 1997 Bonds, the Mayor, the Controller and the Clerk are each authorized to execute and deliver such agreements and instruments as they deem advisable to secure bond insurance for the 1997 Bonds, and the execution and delivery of such agreements and instruments are hereby approved.

(f) The opinion of Barnes & Thornburg, bond counsel, approving the legality of the 1997 Bonds, will be furnished to the purchasers at the expense of the City.

Section 11. Use of Proceeds and Costs of Issuance.

The accrued interest received at the time of delivery of the 1997 Bonds, if any, and premium, if any, shall be deposited in the Sinking Fund (as hereafter defined) and applied to the payment on the 1997 Bonds on the first interest payment date. The proceeds from the sale of the 1997 Bonds, to the extent not used to refund BANs issued pursuant to this Ordinance, or partially fund the Reserve Requirement, and BANs and BAN proceeds shall be deposited in a bank or banks which are legally designated depositories for the funds of the City, in a special account or accounts to be designated as "City of Fort Wayne, Sewage Works Construction Fund" (the "Construction Fund"). The funds in the Construction Fund shall be expended only for the purpose of paying the cost of the Project, refunding the BANs, if issued, or as otherwise required by the Act or for the expenses of issuance of the 1997 Bonds, including the premium of any bond insurance obtained for the 1997 Bonds.

Any balance or balances remaining unexpended in such special fund or funds after completion of the Project, which are not required to meet unpaid obligations incurred in connection with such Project, shall either (1) be paid into the Sinking Fund and used solely for the purposes of the Sinking Fund or (2) be used for the same purpose or type of project for which the 1997 Bonds were originally issued, all in accordance with IC 5-1-13, as amended and supplemented.

Section 12. Revenue Fund. There is hereby continued a fund continued

under the Parity Ordinances, known as the Sewage Works Revenue Fund (the "Revenue Fund"), into which there shall be deposited upon receipt, all income and revenues of the sewage works. This fund shall be maintained separate and apart from all other accounts of the City. Out of this fund the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid and the requirements of the Sewage Works Sinking Fund shall be met. Payments in lieu of taxes shall be made not more frequently than semiannually on June 30 and December 31 and may be made only if the amounts required to be held as of such dates in the Sinking Fund pursuant to Section 13 are so held.

Section 13. Sinking Fund for Bonds. The special fund designated "Sewage Works Sinking Fund" (the "Sinking Fund" or "Sewage Works Sinking Fund") created by Ordinance No. 1939, adopted on July 26, 1938 (the "1938 Ordinance"), and continued for the payment of the Senior Bonds and the Parity Bonds, is hereby continued and designated as the special fund for the interest on and principal of the 1997 Bonds and the payment of any fiscal agency charges in connection with the payment of the 1997 Bonds and interest thereon. The special account within the Sinking Fund designated as the "1993/1994 Sewage Works Reserve Account" created by the 1993 Ordinance and redesignated by the 1994 Ordinance, is hereby redesignated as the "1993/1994/1997 Sewage Works Reserve Account" (the "Sewage Works Reserve Account"), which Account is hereby continued as a debt service reserve for the Parity Bonds, and is constituted as a debt service reserve for the 1997 Bonds and any bond subsequently issued on a parity with the Parity Bonds or the 1997 Bonds, and which Account is separate from the Sewage Works Reserve Account created in the 1985 Ordinance as a debt service reserve for the 1985 Bonds (the "1985 Reserve"). The Sinking Fund shall be continued until all of the bonds issued under the prior ordinances authorizing said bonds and this Ordinance have been paid.

There shall be set aside and paid into the Sinking Fund three business days prior to the first day of each calendar month, as available, or more often if necessary, a sufficient amount of the net revenues of said sewage works for the payment of (a) the interest on all bonds which by their terms are payable from the revenues of the sewage works, as such interest shall fall due; provided, however, that credit shall be given for interest payable on any Refunded Bonds, so long as sufficient funds are available under the 1985 Escrow Agreement for the payment thereof, (b) the necessary fiscal agency charge for paying said bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the sewage works as they fall due; provided, however, that credit shall be given for principal payable on any Refunded Bonds, so long as sufficient funds are available under the 1985 Escrow Agreement for the payment thereof, (d) an additional amount as a margin of safety, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal not less than ten percent (10%) of all other amounts

so required to be paid into the Sinking Fund and (e) any amounts necessary to maintain a balance in the Sewage Works Reserve Account equal to the Sewage Works Reserve Requirement as defined below. The term "net revenues" as used in this section shall be construed to mean the revenues for any calendar year after deduction only for the reasonable cost of operation, maintenance and repair. The monthly payments into the Sinking Fund shall be in an amount equal to at least one-twelfth (1/12) of the amount required for such payments during the then next succeeding twelve (12) calendar months and shall continue until such time as the Sinking Fund shall contain an amount sufficient to pay all of the bonds then outstanding, together with the interest thereon to the dates of maturity thereof. In addition to said required monthly payments into the Sinking Fund, all of the net revenues of the sewage works not used in making said required payments shall be set aside and paid into the Sinking Fund monthly, as available, until there has been accumulated in the Sinking Fund, over and above said required payments but including the funded reserves and investment income thereon, an amount equal to the sum of the principal of and interest on all then outstanding bonds which will be payable during the then next succeeding twelve (12) calendar months. The Sinking Fund shall be maintained at such levels, and additional amounts of net revenues shall be deposited in the Sinking Fund to the extent necessary to maintain such levels.

The Sewage Works Reserve Account will be held as a debt service reserve for the Parity Bonds, the 1997 Bonds and any additional bonds subsequently issued on a parity with the Parity Bonds or the 1997 Bonds and credited to the City's obligation to accumulate net revenues in the Sinking Fund in addition to the required monthly payments or as a margin of safety with respect to such bonds. There shall be held in said Sewage Works Reserve Account an amount which equals the following with respect to the Parity Bonds, the 1997 Bonds and any additional bonds subsequently issued on a parity with the Parity Bonds or the 1997 Bonds (the "Sewage Works Reserve Requirement"): the lesser of 10% of the proceeds thereof, the maximum annual principal and interest requirements thereon, or 125% of the average annual principal and interest requirements thereon. The Sewage Works Reserve Requirement is hereby determined to be reasonable. All money in the Sewage Works Reserve Account shall be used and withdrawn by the City solely for the purpose of making payment on the Parity Bonds and the 1997 Bonds and any additional bonds subsequently issued on a parity with the Parity Bonds or the 1997 Bonds to the extent that available moneys in the Sinking Fund are insufficient for such purpose, or to make the final payments on such bonds when money in the Sewage Works Reserve Account, together with other money held in the Sinking Fund, is sufficient to make all remaining payments to final maturity, provided, notwithstanding the foregoing, amounts in the Sewage Works Reserve Account in excess of the Sewage Works Reserve Requirement may be transferred from time to time to the Sewage Works Operation and Maintenance Fund or, if such fund is funded in accordance with Section 10 hereof, to the Sewage Works Replacement

Fund. If amounts on deposit in the Sewage Works Reserve Account shall, at any time, be less than the Sewage Works Reserve Requirement, such deficiency shall be made up over a twelve (12) month period, after required monthly deposits to the Sinking Fund and after making any required payments under the 1985 Ordinance to make up any deficiency in the 1985 Reserve, to restore the balance of the Sewage Works Reserve Account to an amount equal to the Sewage Works Reserve Requirement.

Any excess revenues of the sewage works available after making the deposits required by Sections 12 and 13 above may be used to provide or restore any debt service reserve account established to secure junior bonds as contemplated by Section 20(d).

In no event shall any part of the Sinking Fund be used in purchasing bonds, except to the extent that the amount then in the Sinking Fund (other than the Sewage Works Reserve Account) exceeds the amount required to pay the principal of the bonds payable therefrom which will mature within a period of twelve (12) calendar months next following the date of such purchase, together with all interest on the bonds payable. Any such excess of funds above said required levels may be used in purchasing outstanding bonds at a price less than the applicable price at maturity, if first approved by the Board of Public Works and Safety. Moneys in the Sinking Fund shall not be used for any other purpose whatsoever except as provided in this Ordinance.

If the City shall, for any reason, fail to pay into the Sinking Fund the full amount and at the respective times above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Sinking Fund from the first available revenues and the same shall be in addition to the minimum amounts otherwise herein provided to be so set apart and paid.

Withdrawals shall be made from the Sinking Fund and remitted to the places of payment of the interest and principal to meet such payments when due.

The Sinking Fund, as aforesaid, shall be used solely and only and is hereby pledged for the purpose of paying principal of and interest on the bonds which by their terms are payable from said funds. Upon the delivery of said bonds and the receipt of the proceeds, all sums received as accrued interest and premium, if any, shall be placed in the Sinking Fund.

Section 14. Funding Improvements to the Works. In the event that all required payments into the Sinking Fund have been met to date and there has been accumulated as a reserve in said Sinking Fund an amount equal to the respective sums required by Section 13, and there has been accumulated an amount in a

separate fund heretofore created and designated as the Sewage Works Operation and Maintenance Fund and hereby continued (the "Sewage Works Operation and Maintenance Fund") sufficient for operation, repair and maintenance of the works for the then next succeeding twelve (12) calendar months, and for depreciation, then any excess revenues of the works available may be placed in the separate fund heretofore created and designated as the Sewage Works Replacement Fund and hereby continued (the "Sewage Works Replacement Fund"). Moneys in the Sewage Works Replacement Fund may be used to pay the costs of improvements, betterments, extensions, enlargements and additions to the works. No revenues of the works shall be deposited in or credited to the Sewage Works Replacement Fund which will interfere with the requirements of the Sinking Fund, the accumulation of the required reserve therein, or with the requirements as to reserving funds for the operation, maintenance and repair of the works and for depreciation. All or any portion of the funds accumulated and reserved for operation, repair and maintenance for the then next succeeding twelve (12) calendar months in the Sewage Works Operation and Maintenance Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the bonds payable from the Sinking Fund.

Section 15. Investments. The moneys in any of such funds or accounts shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, and in accordance with the arbitrage certificate delivered at the time of delivery of any bonds payable from such funds and accounts. Investment of monies in the Sinking Fund (other than the Sewage Works Reserve Account) shall mature on or before the time the monies will be required to pay any debt service. Investment of the Sewage Works Sinking Fund shall be limited to Eligible Investments, as defined in the 1985 Ordinance. Investments of amounts held in the Sewage Works Reserve Account shall have a term to maturity of not greater than ten (10) years.

In computing the amount in any fund or account, investments shall be valued at the market value of such obligations, exclusive of accrued interest. Valuation shall occur semi-annually and immediately upon a withdrawal from the Sewage Works Reserve Account. The depository or depositories for the Sewage Works Sinking Fund shall be a bank which is a member of the Federal Reserve System and of the Federal Deposit Insurance Corporation, or like organizations having similar power and duties. No moneys derived from the revenues of the sewage works (including investment income) shall be transferred to the general fund of the City or be used for any purpose not connected with the sewage works if such transfer or use would interfere with the flow of funds set forth herein.

Investment income from such funds and accounts shall, except as otherwise provided herein, be treated as revenues of the sewage works, and shall be used as provided in this Ordinance.

Section 16. Financial Records and Accounts. The City shall keep proper records and books of account, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues received on account of the operation of the sewage works and all disbursements made therefrom and all transactions relating to the utility. The City shall maintain on file the audited financial statements of the utility prepared by the State Board of Accounts. There shall be furnished, upon written request, to any owner of the 1997 Bonds, the most recent copy of the audited financial statements of the utility prepared by the State Board of Accounts. Copies of all such statements and reports shall be kept on file in the office of the Controller.

Section 17. Defeasance of the 1997 Bonds. If, when the 1997 Bonds or a portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the 1997 Bonds or a portion thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the 1997 Bonds or a portion thereof then outstanding shall be paid; or (i) sufficient moneys, (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys for such purpose, or (iii) any combination of the foregoing, shall be held irrevocably in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the 1997 Bonds or any designated portion thereof issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's sewage works.

Section 18. Rate Covenant. The City covenants and agrees that, by ordinance of the Common Council, it will establish just and equitable rates or charges for the use of and the service rendered by the works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said sewage works by or through any part of the sewage system of the City, or that in any way uses or is served by such works; that such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the works, and for the payment of the sums required to be paid into the Sinking Fund by the Act and this Ordinance; and that such rates and charges shall be sufficient in each year to produce net revenues as defined in Section 13 of this Ordinance, equal to 1.1 times the greater of the average annual debt service on the 1985 Bonds, the Parity Bonds, the 1997 Bonds and all bonds issued on a parity therewith or the debt service payable during the next twelve calendar months

on the 1985 Bonds, the Parity Bonds, the 1997 Bonds and all bonds issued on a parity therewith. For these purposes, the interest rate on variable rate debt shall be assumed to be the average interest rate thereon in the preceding calendar year. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance of the sewage works and the requirements of the Sinking Fund. The rates or charges so established shall apply to any and all use of such works by and service rendered to the City and all departments thereof, and shall be paid by the City or the various departments thereof as the charges accrue.

Section 19. Additional Bond Provisions. The City reserves the right to authorize and issue additional BANs at any time ranking on a parity with the BANs. The City reserves the right to authorize and issue additional bonds payable out of the Net Revenues of its sewage works ranking on a parity with the 1997 Bonds for the purpose of financing the cost of future additions, extensions and improvements at its sewage works, or to provide for a complete or partial refunding of bonds payable out of the revenues of the sewage works, subject to the following conditions:

(a) The interest on and principal of all bonds payable from the revenues of the sewage works shall have been paid to date in accordance with the terms thereof, provided, this condition shall be deemed satisfied if any required amount is to be provided from the proceeds of the parity bonds or other funds of the City.

(b) As of the date of issuance of such additional bonds, the balance in the Sewage Works Reserve Account shall equal not less than the Sewage Works Reserve Requirement calculated to include principal and interest requirements on the 1997 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued, provided, this condition shall be deemed satisfied if any required amount is to be provided from the proceeds of the newly issued parity bonds or other funds of the City, and furthermore, the ordinance authorizing the proposed additional parity bonds must include a provision requiring the City to build the balance in the Sewage Works Reserve Account to an amount equal to the Sewage Works Reserve Requirement for the proposed additional parity bonds, unless the Sewage Works Reserve Account is fully funded as of the time of issuance of the additional parity bonds, from available net revenues within twelve (12) months from substantially equal monthly deposits after required monthly deposits to the Sinking Fund.

(c) The net operating revenues of the sewage works in the fiscal year immediately preceding the issuance of any such bonds raking on a parity with the 1997 Bonds shall be not less than one hundred twenty percent

(120%) of the maximum annual interest and principal requirements of the then outstanding 1997 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued; or, prior to the issuance of said parity bonds, the sewage rates and charges shall be increased or the service area or customer base shall be expanded sufficiently so that said increased rates and charges and/or volume applied to the previous fiscal year's operations would have produced net operating revenues for said year equal to not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding 1997 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued; provided, however, annual interest an principal requirements of a series of bonds may be reduced in inverse order of maturity for the purposes of this subsection by the balance in the Sewage Works Reserve Account allocable thereto. For purposes of this subsection, the records of the sewage works shall be analyzed and all showings shall be prepared by a certified public accountant or independent financial advisor employed by the City for that purpose.

(d) The principal of said additional parity bonds shall be payable on August 1 and the interest on said additional parity bonds shall be payable semiannually on February 1 and August 1 during the periods in which principal and interest are payable, and, if the additional parity bonds are issued as capital appreciation bonds, the amount payable at maturity thereof shall be payable on February 1 and/or August 1 during the periods in which such maturity amounts are payable.

(e) Additional parity bonds issued as variable rate debt must be assumed to bear the maximum interest rate thereon for the purpose of certifying satisfaction of the 120% condition set forth above, and a maximum rate must be set for any such variable rate additional parity bonds. Furthermore, any put feature associated with such variable rate debt must be covered by remarketing proceeds or a liquidity facility issued by a provider which is rated on one of the two highest short-term rating categories of Moody's Investors Service or Standard & Poors Corporation.

Section 20. Further Covenants of the City; Maintenance, Insurance, Pledge Not To Encumber, Subordinate Indebtedness, and Contract With Bondholders. For the purpose of further safeguarding the interests of the owners of the BANs and the 1997 Bonds, it is hereby specifically provided as follows:

(a) The City shall at all times maintain the sewage works system in good condition, and operate the same in an efficient manner and at a reasonable cost.

(b) So long as any of the 1997 Bonds and BANs are outstanding, the City shall maintain insurance on the insurable parts of said work, of a kind and in an amount such as would normally be carried by private corporations engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana.

As an alternative to maintaining such insurance, the City may maintain a self-insurance program with catastrophic or similar coverage so long as such program meets the requirements of any applicable laws or regulations and is maintained in a manner consistent with programs maintained by similarly situated municipalities.

Insurance proceeds or self-insurance proceeds shall be used in replacing or repairing the property destroyed or damaged, or if not used for that purpose, shall be treated and applied as net revenues of the works.

(c) So long as any of the BANs and 1997 Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber the property and plant of its sewage works system, or any part thereof, and shall not sell, lease or otherwise dispose of any part of the same, excepting only such machinery, equipment or other property as may be replaced, or shall no longer be necessary for use in connection with said utility.

(d) Except as otherwise specifically provided in Section 19 of this Ordinance and in the Parity Ordinances, so long as any of the 1997 Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the system shall be authorized, issued or executed by the City, except such as shall be made junior and subordinate in all respects to the 1997 Bonds, unless all of the 1997 Bonds are redeemed and retired coincidentally with the delivery of such additional bonds or other obligations.

(e) The City shall take all actions or proceedings necessary and proper, to the extent permitted by law, to require connection of all property where liquid and solid waste, sewage, night soil or industrial waste is produced with available sanitary sewers. The City shall, insofar as possible, and to the extent permitted by law, cause all such sanitary sewers to be connected with said sewage works.

(f) (f) The provisions of this ordinance shall constitute a contract by and between the City and the owners of the 1997 Bonds and BANs herein authorized, all the terms of which shall be enforceable by any bondholder by any and all appropriate proceedings in law or in equity. After the issuance of the 1997 Bonds and BANs, this ordinance shall not be repealed, amended or modified in any respect which will adversely affect the rights or interests of the owners of the 1997 Bonds and BANs, nor shall the Common Council or any other body of the City adopt any law,

ordinance or resolution in any way adversely affecting the rights of such owners so long as any of the 1997 Bonds and BANs, or the interest thereon, remain outstanding or unpaid. Except in the case of changes described in Section 21, this Ordinance may be amended, however, without the consent of the owners of the 1997 Bonds or BANs, if the Common Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the 1997 Bonds or BANs.

(g) Provisions of this ordinance shall be construed to create a trust in the proceeds of the sale of the 1997 Bonds and BANs herein authorized for the uses and purposes herein set forth, and the owners of the 1997 Bonds and BANs shall retain a lien on such proceeds until the same are applied in accordance with the provisions of this ordinance and said governing Act. The provisions of this ordinance shall also be construed to create a trust in the Net Revenues herein directed to be set apart and paid into the Sinking Fund for the uses and purposes of that Fund as in this ordinance set forth. The owners of the 1997 Bonds shall have all the rights, remedies and privileges set forth in the provisions of the governing Act, including the right to have a receiver appointed to administer the sewage works in the event the City shall fail or refuse to fix and collect sufficient rates and charges for those purposes, or shall fail or refuse to operate and maintain said system and to apply properly the revenues derived from the operation thereof, or if there be a default in the payment of the interest on or principal of the 1997 Bonds.

(h) None of the provisions of this ordinance shall be construed as requiring the expenditure of any funds of the City derived from any sources other than the proceeds of the 1997 Bonds and the operation of the sewage works system.

Section 21. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this section and Sections 20 and 29, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the 1997 Bonds issued pursuant to this ordinance and then outstanding shall have the right from time to time, to consent to and approve the adoption by the Common Council of the City of such ordinance or ordinances supplemental hereto or amendatory hereof, as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest on any Bond issued pursuant to this ordinance; or

(b) A reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon; or

(c) The creation of a lien upon or a pledge of the revenues or Net Revenues of the sewage works ranking prior to the pledge thereof created by this ordinance; or

(d) A preference or priority of any 1997 Bond or Bonds issued pursuant to this ordinance over any other 1997 Bond or Bonds issued pursuant to the provisions of this ordinance; or

(e) A reduction in the aggregate principal amount of the 1997 Bonds required for consent to such supplemental ordinance.

If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the 1997 Bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Controller of the City, no owner of any 1997 Bond issued pursuant to this ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Common Council of the City from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of his section, this ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this ordinance of the City and all owners of 1997 Bonds then outstanding, shall thereafter be determined, exercised and enforced in accordance with this ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this ordinance, the rights and obligations of the City and of the owners of the 1997 Bonds authorized by this ordinance, and the terms and provisions of the 1997 Bonds and this ordinance, or any supplemental or amendatory ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the 1997 Bonds then outstanding.

Section 22. Tax Covenants. In order to preserve the exclusion of interest on the 1997 Bonds and BANs from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986 as existing on the date of issuance of the 1997 Bonds (the "Code") and as an inducement to purchasers of the 1997 Bonds and BANs, the City represents, covenants and agrees that:

(a) No person or entity other than the City or another state or local governmental unit will use proceeds of the 1997 Bonds or BANs or property financed by the 1997 Bond or BAN proceeds other than as a member of the general

public. No person or entity other than the City or another state or local governmental unit will own property financed by 1997 Bond or BAN proceeds or will have any actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, arrangements such as take-or-pay or output contracts or any other type of arrangement that differentiates that person's or entity's use of such property from use by the general public.

(b) No portion of the principal of or interest on the 1997 Bonds or BANs is (under the terms of the 1997 Bonds, BANs, this ordinance or any underlying arrangement), directly or indirectly, secured by an interest in property, used or to be used for any private business use or payments in respect of any private business use or payments in respect of such property or to be derived from payments (whether or not to the City) in respect of such property or borrowed money used or to be used for a private business use.

(c) No 1997 Bond or BAN proceeds will be loaned to any person or entity other than another state or local governmental unit. No 1997 Bond or BAN proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the 1997 Bond or BAN proceeds.

(d) The City will not take any action nor fail to take any action with respect to the 1997 Bonds or BAN that would result in the loss of the exclusion from gross income for federal tax purposes on the 1997 Bonds or BANs pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion.

(e) It shall be not an event of default under this ordinance if the interest on any 1997 Bond is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the 1997 Bonds.

(f) The City hereby covenants that it will rebate any arbitrage profits to the United States to the extent required by the Code and the regulations promulgated thereunder.

(g) These covenants are based solely on current law in effect and in existence on the date of delivery of such 1997 Bonds and BANs.

Notwithstanding any other provisions of this Ordinance, the covenants and authorizations contained in this Section (the "Tax Sections") which are designed to preserve the exclusion of interest on the 1997 Bonds and BANs from gross income under federal law (the "Tax Exemption") need not be complied with if the City

receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 23. Issuance of BANs. (a) The City, having satisfied all the statutory requirements for the issuance of its 1997 Bonds, may elect to issue its BAN or BANs to a financial institution, the Indiana Bond Bank, or to any other purchaser, pursuant to a Bond Anticipation Note Purchase Agreement (the "Purchase Agreement") to be entered into between the City and the purchaser of the BAN or BANs or otherwise. The Common Council hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing the 1997 Bonds to provide interim financing for the Project until permanent financing becomes available. It shall not be necessary for the City to repeat the procedures for the issuance of its 1997 Bonds, as the procedures followed before the issuance of the BAN or BANs are for all purposes sufficient to authorize the issuance of the 1997 Bonds and the use of the proceeds to repay the BAN or BANs.

(b) The Mayor and the Controller are hereby authorized and directed to execute a Purchase Agreement in such form or substance as they shall approve acting upon the advice of counsel. The Mayor and the Controller may also take such other actions or deliver such other certificates as are necessary or desirable in connection with the issuance of the BANs or the 1997 Bonds and the other documents needed for the financing as they deem necessary or desirable in connection therewith.

Section 24. Defaults. In the event available moneys hereunder, subject to the restrictions on use of money held under this Ordinance as set forth herein, and other monies available for such purpose are insufficient to pay debt service on all bonds payable from the revenues of the sewage works when due, available moneys shall be applied, after payment of all costs and expenses associated therewith, to the Parity Bonds, the 1997 Bonds and any additional bonds issued in accord with Section 19 hereof ("Additional Bonds"), subject to any rights of the holders of the Senior Bonds, as follows:

First - To the payment to the persons entitled thereto of all installments of interest then due, including interest on any past due principal at the rate borne by such bond, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to such payment ratably, according to the amounts due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

Second - To the payment to the persons entitled thereto of the unpaid principal of and premium on any of such bonds which shall have become due either at maturity or pursuant to a call for redemption (other than bonds called for redemption for the payment of which other moneys are held), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full amounts due on any particular date, then to such payment ratably, according to the amount due on such date, to the persons entitled

thereto without any discrimination or privilege.

During the continuance of any default in the payment of either principal of or interest or premium on any Parity Bond, any 1997 Bond or any Additional Bond, and during any time that the amount held in the Sewage Works Reserve Account in less than the Sewage Works Reserve Requirement, no payment shall be made with respect to any subordinate and junior bonds issued in accord with Section 20(d) hereof ("Junior Additional Bonds"). Moneys available for payment to holders of Junior Additional Bonds shall, in the event of any insufficient amount being available to pay all debt service with respect to the Junior Additional Bonds when due, be applied to the Junior Additional Bonds in accordance with the sequence and other terms set forth above with respect to payments regarding the Parity Bonds, the 1997 Bonds, and the Additional Bonds unless otherwise provided in the ordinance authorizing the Junior Additional Bond.

Section 25. Rate Ordinance. The rates and charges of the sewage works are set forth in Ordinance No. G-07-97 adopted on July 1, 1997. Such ordinance is incorporated hereby by reference.

Section 26. Satisfaction of Parity Bond Tests of Parity Ordinances. The Common Council hereby finds and determines that the adoption of this ordinance and the issuance of the 1997 Bonds in compliance with the Parity Ordinances does not and will not adversely impact the interests of the owners of the Parity Bonds. The Parity Ordinance shall remain in full force and effect.

Section 27. Severability. If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance.

Section 28. Other Action. The appropriate officers are hereby authorized to take all actions to obtain a rating, bond insurance or any other form of credit enhancement for the 1997 Bonds if economically feasible and desirable and with the favorable recommendation of the financial advisors to the City. In addition, the appropriate officers of the City are hereby authorized and directed to take any other action deemed necessary or advisable in order to effectuate the acquisition and construction of the Project, the issuance of the BANs or 1997 Bonds, or any other purposes of this ordinance.

Section 29. Amendment of Ordinance without Consent of Bondholders. The Common Council may, from time to time, and without the consent of bondholders, adopt ordinances supplemental hereto (which supplemental ordinances shall

thereafter form a part hereof) for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this ordinance or in any supplemental ordinance;

(b) To grant to or confer upon the owners of the 1997 Bonds any additional benefits, rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the 1997 Bonds, or to make any change which, in the judgment of the Common Council, is not to the prejudice of the owners of the 1997 Bonds;

(c) To modify, amend or supplement this ordinance to permit the qualification of the 1997 Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America or to obtain or maintain bond insurance with respect to payments of principal of and interest on the 1997 Bonds;

(d) To provide for the refunding or advance refunding of the 1997 Bonds;

(e) To procure a rating on the 1997 Bonds from a nationally recognized securities rating agency designated in such supplemental resolution, if such supplemental resolution will not adversely affect the owners of the 1997 Bonds; or

(f) Any other purpose which in the judgment of the Common Council does not adversely impact the interests of the owners of the 1997 Bonds.

Section 30. Conflicting Ordinances. All ordinances and parts of ordinances in conflict herewith, except the Parity Ordinance, are hereby repealed. None of the provisions of this Ordinance shall be construed to adversely affect the rights of the owners of the Parity Bonds.

Section 31. Headings. The headings or titles of the several sections shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this ordinance.

Section 32. Effective Date. This ordinance shall be in full force and effect from and after its passage. Upon payment in full of the principal and interest respecting the 1997 Bonds authorized hereby or upon deposit of an amount sufficient to pay when due such amounts in accord with Section 17, all pledges, covenants and other rights granted by this ordinance shall cease.

John N. Crawford
Council Member

APPROVED AS TO FORM
AND LEGALITY

J. Timothy McCaulay
J. Timothy McCaulay, City Attorney

Exhibit A

PROJECT DESCRIPTION

The Project consists of the following described projects and related improvements to the sewage works of the City:

FINE PORE AERATION AND DENITRIFICATION PROJECT

This program will result in the replacement and modification of existing coarse bubble air diffusers used in the biological treatment process at the Water Pollution Control Plant (WPCP) with fine pore air diffusers. This project includes the modification of the aeration system to provide an anoxic denitrification zone within the existing aeration tanks. The replacement and modification will provide for more efficient operation of the WPCP, resulting in decreased electrical power usage and cost.

NORTH MAUMEE INTERCEPTOR RELIEF PROJECT

This project consists of the design and construction of approximately 9,800 L.F. of 24 and 36 inch diameter sanitary sewer to serve as a relief sewer to the North Maumee interceptor north of North River Road. The North Maumee relief interceptor will eliminate hydraulic deficiencies that result in sewer back-ups and system overflows during wet weather conditions, and will provide capacity improvements for continued and expanded service to the northeast district of the City's sewer service area.

ST. MARY'S INTERCEPTOR RELIEF PROJECT

This project consists of the design and construction of approximately 2,200 L.F. of 21, 24 and 36 inch diameter sewer, including an inverted siphon under the St. Mary's River, to serve as a relief sewer to the St. Mary's interceptor in the vicinity of Swinney Park. The St. Mary's relief project will eliminate hydraulic deficiencies that result in sewer back-ups and system surcharging in the Waynedale area and provide capacity improvements for continued and expanded service to the south central and southwest districts of the City's sewer service area.

CAPACITY IMPROVEMENTS PROJECT

The Wastewater Facilities Master Plan identified hydraulic deficiencies in the City's wastewater collection system in both the combined sewer and the separate sanitary interceptor systems. More than 40 of the combined sewer subbasins are inadequate to transport flows for a 25-year storm event with the majority of the

subbasin systems having inadequate capacity to transport a 10-year event. The separate sanitary interceptor systems, particularly the North Maumee, Clinton, Junk Ditch, St. Joseph and Spy Run systems, also experience hydraulic deficiencies during wet weather periods due to clearwater infiltration and inflow. As a result, sewer back-ups, surcharging, overflows and street flooding occur in systems with inadequate capacity.

This program consists of the study, design and construction of improvements over a ten year period to provide a minimum hydraulic capacity available to handle and convey up to a 25-year storm event in each of the combined sewer subbasins without backups, street flooding and without causing an increase in combined sewer overflows at other points. In addition, for the separate interceptor systems, the improvements would provide a minimum capacity available to handle all wet weather events without backups or overflows.

The Capacity Improvements Program has identified the combined sewer system as the priority under the first phase(s) of the program and combined sewer subbasins have been prioritized for planning and scheduling of improvements. The separate interceptor systems are also being prioritized for planning and scheduling of improvements to be undertaken concurrent with the combined sewer improvements program. Improvements include, but are not limited to, partial and full sewer separation, relief sewers, storage/equalization, infiltration and inflow removal, and replacement.

CITY OF FORT WAYNE
SEWAGE WORKS JUNIOR REVENUE BONDS OF 1997

Exhibit B

Proposed Principal payable annually,
Beginning August 1, 1998
Interest payable semi-annually,
Beginning February 1, 1998

PROPOSED SCHEDULE

Date	Principal Amount
August 1, 1998	$1,205,000
August 1, 1999	1,260,000
August 1, 2000	1,325,000
August 1, 2001	1,395,000
August 1, 2002	1,475,000
August 1, 2003	1,560,000
August 1, 2004	1,650,000
August 1, 2005	1,750,000
August 1, 2006	1,860,000
August 1, 2007	1,975,000
August 1, 2008	2,100,000
August 1, 2009	2,230,000
August 1, 2010	2,375,000
August 1, 2011	2,535,000
August 1, 2012	2,705,000

Read the first time in full and on motion by Crawford, and duly adopted, read the second time by title and referred to the Committee on Finance, (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Common Council Conference Room 128, City-County Building, Fort Wayne, Indiana, on _____, the _____ day of _____, 19____, at _____ o'clock _____ M.,E.S.T.

DATED: 4-22-97

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK
Nadyda Ellis, Deputy Clerk

Read the third time in full and on motion by Crawford, and duly adopted, placed on its passage. ~~PASSED~~ Passed ~~LOST~~ by the following vote:

	AYES	NAYS	ABSTAINED	ABSENT
TOTAL VOTES	8			1
BENDER	✓			
CRAWFORD	✓			
EDMONDS	✓			
HALL	✓			
HAYHURST	✓			
HENRY	✓			
LUNSEY	✓			
RAVINE				✓
SCHMIDT	✓			

DATED: 7-1-97

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as ~~(ANNEXATION)~~ ~~(APPROPRIATION)~~ ~~(GENERAL)~~ (SPECIAL) ~~(ZONING)~~ ORDINANCE ~~RESOLUTION~~ NO. S-63-97 on the 1st day of July, 1997

ATTEST: Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

SEAL

Thomas P. Henry
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 2nd day of July, 1997, at the hour of 11:00, o'clock A, M.,E.S.T.

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Approved and signed by me this 9th day of July, 1997, at the hour of 11:45 o'clock A M.,E.S.T.

P Helmke
PAUL HELMKE, MAYOR

BILL NO. S-97-04- //

ORDINANCE NO. _____

AN ORDINANCE, CONCERNING THE CONSTRUCTION OF IMPROVEMENTS TO THE SEWAGE WORKS OF THE CITY OF FORT WAYNE, INDIANA; AUTHORIZING THE ISSUANCE OF SEWAGE WORKS JUNIOR REVENUE BONDS OF 1997 FOR SUCH PURPOSE; ADDRESSING OTHER MATTERS CONNECTED THEREWITH, INCLUDING THE ISSUANCE OF NOTES IN ANTICIPATION OF BONDS; AND REPEALING ORDINANCES INCONSISTENT HEREWITH

WHEREAS, the City of Fort Wayne, Indiana (the "City") has heretofore established, constructed and financed a municipal sewage works and now owns and operates the sewage works pursuant to IC 36-9-23, and other applicable laws; and

WHEREAS, the Common Council of the City (the "Council") now finds that certain improvements to said works are necessary; and that plans, specifications and estimates have been prepared and filed by the engineers employed by the City for the construction of said improvements (as more fully set forth in Exhibit A attached hereto) (the "Project"), which plans and specifications have been submitted to all government authorities having jurisdiction, particularly the Indiana Department of Environmental Management ("IDEM"), if and to the extent IDEM approval is required under Indiana law, and have been or will be approved by the aforesaid government authorities and are hereby incorporated herein by reference and open for inspection at the office of the Clerk of the City (the "Clerk") as required by law; and

WHEREAS, the City has obtained engineer's estimates of the costs for the construction of the Project; that on the basis of said estimates, the estimated cost of the Project, as defined in IC 36-9-23 and IC 36-9-1, including incidental expenses, will not exceed the amount of $_____; and

WHEREAS, the City has agreed to contribute other available funds in the amount of $_____ for application on the cost of the Project, leaving a balance of $_____ of said cost to be financed; and

WHEREAS, the Council finds that there are not available sufficient funds of the sewage works to construct the Project, and that sewage works revenue bonds shall be issued to pay the costs of the Project, including incidental expenses; and

WHEREAS, the City has outstanding certain Sewage Works Improvement Revenue Bonds of 1975 (the "1975 Bonds"), maturing on August 1, 1997, which bonds constitute a first charge upon the net revenues of the sewage works; and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Bonds of 1982 (the "1982A Bonds") maturing on August 1 in the years 1997 to 2000, inclusive, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1975 Bonds; and

WHEREAS, the City also has outstanding certain Sewer Connection Revenue Bonds of 1982 (the "1982B Bonds") maturing on August 1 in the years 1997 and 1998, which bonds constitute a first charge upon the net revenues of the sewage works and are on a parity with the 1975 Bonds and the 1982A Bonds (the 1982B Bonds, the 1975 Bonds, and the 1982A Bonds collectively, the "Refunded Bonds"); and

WHEREAS, the City also has outstanding certain Sewage Works Revenue Refunding Bonds (separately, the "1985 Bonds", and collectively with the Refunded Bonds, the "Senior Bonds"), authorized by Ordinance No. D-218-85 (the "1985 Ordinance") maturing on February 1 and August 1 of each year from 1997 through 2000, inclusive, and on August 1, 2005, and also subject to mandatory sinking fund redemption on February 1 and August 1 of each year from 2001 through 2005, inclusive, which bonds were issued for the purpose of refunding the Refunded Bonds, and which bonds constitute a second charge upon the net revenues of the sewage works and are junior to the Refunded Bonds; and

WHEREAS, the City also has outstanding certain Sewage Works Junior Refunding Revenue Bonds of 1993 (the "1993 Bonds"), authorized by Special Ordinance No. S-42-93, as amended by Ordinance No. S-55-93 (the "1993 Ordinance") in the amount of Five Million Seventy Thousand Dollars ($5,070,000) maturing on August 1 of each year from 1997 through 2008, inclusive, and on August 1, 2010, and also subject to mandatory sinking fund redemption on August 1, 2009, which bonds constitute a third charge upon the net revenues of the sewage works and are junior to the Senior Bonds; and

WHEREAS, the City has outstanding certain Sewage Works Junior Revenue Bonds of 1994, authorized by Special Ordinance No. S-08-94 (separately the "1994 Ordinance," and collectively with the 1993 Ordinance, the "Parity Ordinances"), in the amount of Six Million Two Hundred Fifteen Thousand Dollars ($6,215,000) (separately the "1994 Bonds", and collectively with the 1993 Bonds, the "Parity Bonds"), maturity on August 1 of each year from 1977 through 2009, inclusive, which bonds constitute a third change upon the net revenues of the sewage works on a parity with the 1993 Bonds and are junior to the Senior Bonds; and

WHEREAS, the 1985 Ordinance provides that the City may authorize and issue additional bond payable out of the Net Revenues of its sewage works which are junior and subordinate to the 1985 Bonds; and

WHEREAS, the Parity Ordinances provide that the City may authorize and issue additional bonds payable out of the Net Revenues of its sewage works ranking on a parity with the Parity Bonds for the purpose of financing the cost of future additions, extensions and improvements to its sewage works, or to refund obligations, subject to the provisions of Section 16 of the 1993 Ordinance and Section 15 of the 1994 Ordinance; and

WHEREAS, the conditions precedent to the issuance of bonds junior and subordinate to the 1985 Bonds and on a parity with the Parity Bonds as set forth in the 1985 Ordinance and the Parity Ordinances, as described above, have been satisfied; and

WHEREAS, the City desires to authorize the issuance of BANs hereunder, if necessary, payable solely from the proceeds of the sewage works revenue bonds issued to finance the aforementioned costs of the Project, and to authorize the refunding of said BANs, if issued; and

WHEREAS, the City Council now finds that all conditions precedent to the adoption of an ordinance authorizing the issuance of sewage works revenue bonds and BANs have been complied with in accordance with the provisions of IC 36-9-23, as amended, (the "Act");

NOW THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF FORT WAYNE, INDIANA THAT:

Section 1. Project. The City shall proceed with the construction of the Project in accordance with the cost estimates, and the plans and specifications heretofore prepared and filed by the consulting engineers employed by the City which cost estimates, plans and specifications are by reference made a part of this ordinance as fully as if the same were attached hereto and incorporated herein and two copies of which are now on file in the office of the Clerk and are open for public inspection pursuant to IC 36-1-5-4. The cost of construction of the Project shall not exceed the sum of $_____, plus investment earnings, without further authorization from this Council. The terms "sewage works," "works," and other like terms where used in this ordinance shall be construed to mean and include all structures and property of the City's sewage utility, including items defined at IC 36-9-1-8. The Project shall be constructed in accordance with the plans and specifications heretofore mentioned, which plans and specifications are hereby approved. The actions of the Board of Public Works of the City taken in connection

with the Project are hereby approved, ratified and confirmed. The Project shall be constructed and the bonds herein authorized shall be issued pursuant to and in accordance with the Act.

Section 2. Authorization of Obligations.

(a) Bond Anticipation Notes. The City shall issue, if necessary, BANs for the purpose of procuring interim financing to apply to the cost of the Project. The City shall issue its BANs in an aggregate amount not to exceed ($_____) Dollars to be designated "Sewage Works Bond Anticipation Notes of 1997." Said BANs shall be numbered consecutively from 97R-1 upward, shall be in multiples of Five Thousand Dollars ($5,000), shall be dated as of the date of delivery thereof, and shall bear interest at a rate not to exceed 6% per annum (the exact rate or rates to be determined through negotiations with the purchaser of the BANs) payable upon maturity. The BANs will mature one (1) year after their date of delivery. The BANs are subject to renewal or extension at an interest rate or rates not to exceed 6% per annum (the exact rate or rates to be negotiated with the purchaser of the BANs). The term of the BANs and all renewal BANs may not exceed five years from the date of delivery of the initial BANs. The BANs shall be registered in the name of the purchasers thereof.

The BANs shall be issued pursuant to IC 5-1.5-8-6.1 if sold to the Indiana Bond Bank or pursuant to IC 5-1-14-5 if sold to a financial institution or any other purchaser. The principal of and interest on the BANs shall be payable solely from the issuance of the 1997 Bonds (as hereinafter defined) pursuant to and in the manner prescribed by the Act.

(b) 1997 Bonds. The City shall issue its "Sewage Works Junior Revenue Bonds of 1997" (the "1997 Bonds"), in one or more series, in an aggregate principal amount not to exceed Twenty Seven Million Four Hundred Thousand Dollars ($27,400,000) (the "Authorized Amount"), for the purpose of procuring funds to be applied to the costs of the Project, and the payment of costs of issuance.

The 1997 Bonds shall be issued in the denomination of Five Thousand Dollars ($5,000) each or integral multiples thereof, numbered consecutively from 97R-1 upward, dated as of the first day of the month in which they are sold. The bonds shall bear interest at a rate or rates not exceeding 8.0% per annum (the exact rate or rates to be determined by bidding or as negotiated with the Indiana Bond Bank), and interest shall be payable semiannually on February 1 and August 1 in each year, beginning on February 1, 1998. Interest on the BANs and the 1997 Bonds shall be calculated according to a 360-day calendar year containing twelve 30-day months. The 1997 Bonds shall mature, or shall be subject to mandatory sinking fund redemption, beginning August 1, 1998, and on August 1 of each year thereafter over

a period ending not later than _____ and in such amounts which will achieve as level debt service as practicable with Five Thousand Dollars ($5,000) denominations, the amount of each maturity to be determined by the Controller of the City.

The 1997 Bonds shall be sold at a price of not less than ____% of the par value thereof, unless sold to the Indiana Bond Bank, in which case such price shall not be less than 97.0% of the par value thereof (the "Sale Price"). All or a portion of the 1997 Bonds may be issued as one or more term bonds, upon election of the successful bidder. Such term bonds shall have a stated maturity or maturities of August 1, in the years as determined by the successful bidder, but in no event later than the last serial maturity date of the bonds as determined in the above paragraph. The term bonds shall be subject to mandatory sinking fund redemption and final payment(s) at maturity at 100% of the principal amount thereof, plus accrued interest to the redemption date, on principal payment dates which are hereinafter determined in accordance with the above paragraph.

Section 3. Pledge of Net Revenues; Payment of Principal and Interest. The 1997 Bonds, and any bonds ranking on a parity therewith, including the Parity Bonds, as to principal, premium, if any, and interest, shall be payable from and are hereby secured by an irrevocable pledge of and shall constitute a charge upon all the net revenues (defined as gross revenues of the sewage works after deduction only for the payment of the reasonable cost of operation, repair and maintenance but not including depreciation and payments in lieu of taxes (the "Net Revenues")) of the sewage works of the City, which 1997 Bonds constitute a third charge on said Net Revenues on a parity with the Parity Bonds and junior and subordinate to the Senior Bonds. The City shall not be obligated to pay the 1997 Bonds or the interest thereon except from the Net Revenues of the works, and the 1997 Bonds shall not constitute an indebtedness of the City or any municipal corporation or political subdivision of the State of Indiana within the meaning of the provisions and limitations of the constitution of the State of Indiana.

The principal of the 1997 Bonds and the principal and interest on the BANs shall be payable at the principal office of the Paying Agent (as defined in Section 5). All payments of interest on the 1997 Bonds shall be paid by check, mailed one business day prior to the interest payment date to the registered owners thereof as the names appear as of the fifteenth day of the month preceding the interest payment date and at the addresses as they appear on the registration books kept by the Registrar (as defined in Section 5) or at such other address as is provided to the Paying Agent in writing by such registered owner. All payments on the 1997 Bonds shall be made in any coin or currency of the United States of America, which on the date of such payment, shall be legal tender for the payment of public and private debts.

If the BANs or 1997 Bonds are registered in the name of the Indiana Bond Bank or a registered owner in whose name is held $1,000,000 or more of principal amount of the 1997 Bonds, the principal of and interest thereon may be paid by wire transfer to such financial institution as designated by the Indiana Bond Bank or such registered owner, or as otherwise agreed, on the due date of such payment or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date.

Interest on the 1997 Bonds shall be payable from the interest payment date to which interest has been paid next preceding the authentication date of the 1997 Bonds unless the 1997 Bonds are authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case they shall bear interest from such interest payment date, or unless the 1997 Bonds are authenticated on or before January 15, 1998, in which case they shall bear interest from the original date until the principal shall be fully paid.

Section 4. Transfer or Exchange of Bonds. Each 1997 Bond shall be transferable or exchangeable only upon the books of the City kept for that purpose at the principal corporate trust office of the Registrar by the registered owner in person, or by its attorney duly authorized in writing, upon surrender of such 1997 Bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner, or its attorney duly authorized in writing, and thereupon a new fully registered 1997 Bond or Bonds in an authorized aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or transferees or the registered owner, as the case may be, in exchange therefor. The costs of such transfer or exchange shall be borne by the City except for any tax or governmental charge required to be paid with respect to the transfer or exchange, which taxes or governmental charges are payable by the person requesting such transfer or exchange. The City, the Registrar and the Paying Agent for the 1997 Bonds may treat and consider the person in whose name such 1997 Bonds are registered as the absolute owner thereof for all purposes including for the purpose of receiving payment of, or on account of, the principal thereof and interest due thereon.

In the event any 1997 Bond is mutilated, lost, stolen or destroyed, the City may execute and the Registrar may authenticate a new bond of like date, maturity and denomination as that mutilated, lost, stolen or destroyed, which new bond shall be marked in a manner to distinguish it from the bond for which it was issued, provided that, in the case of any mutilated bond, such mutilated bond shall first be surrendered to the Registrar, and in the case of any lost, stolen or destroyed bond there shall be first furnished to the Registrar evidence of such loss, theft or destruction satisfactory to the City and the Registrar, together with indemnity satisfactory to them. In the event any such bond shall have matured, instead of

issuing a duplicate bond, the City and the Registrar may, upon receiving indemnity satisfactory to them, pay the same without surrender thereof. The City and the Registrar may charge the owner of such 1997 Bond with their reasonable fees and expenses in this connection. Any bond issued pursuant to this paragraph shall be deemed an original, substitute contractual obligation of the City, whether or not the lost, stolen or destroyed 1997 Bond shall be found at any time, and shall be entitled to all the benefits of this Ordinance, equally and proportionately with any and all other 1997 Bonds issued hereunder.

Section 5. Registrar and Paying Agent. The Controller is hereby authorized to contract with a qualified financial institution to serve as Registrar and Paying Agent for the 1997 Bonds (the "Registrar", or "Paying Agent"). The Registrar is hereby charged with the responsibility of authenticating the 1997 Bonds. The Controller is hereby authorized to enter into such agreements or understandings with such institution as will enable the institution to perform the services required of a Registrar and Paying Agent. The Controller is further authorized to pay such fees as the institution may charge for the services it provides as Registrar and Paying Agent and such fees may be paid from the Sinking Fund established to pay the principal of and interest on the 1997 Bonds as fiscal agency charges.

As to the BANs, and the 1997 Bonds if sold to the Indiana Bond Bank, the Controller shall serve as Registrar and Paying Agent and is hereby charged with the duties of Registrar and Paying Agent.

The Registrar and Paying Agent may at any time resign as Registrar and Paying Agent upon giving 30 days' notice in writing to the City and by first class mail to each registered owner of the 1997 Bonds then outstanding, and such resignation will take effect at the end of such 30 day period or upon the earlier appointment of a successor registrar and paying agent by the City. Any such notice to the City may be served personally or sent by registered mail. The Registrar and Paying Agent may be removed at any time as Registrar and Paying Agent by the City, in which event the City may appoint a successor registrar and paying agent. The City shall notify each registered owner of the 1997 Bonds then outstanding by first class mail of the removal of the Registrar and Paying Agent. Notices to the registered owners of the 1997 Bonds shall be deemed to be given when mailed by first class mail to the addresses of such registered owners as they appear on the registration books kept by the Registrar.

Upon the appointment of any successor registrar and paying agent by the City, the Controller is authorized and directed to enter into such agreements and understandings with such successor registrar and paying agent as will enable the institution to perform the services required of a registrar and paying agent for the 1997 Bonds. The Controller is further authorized to pay such fees as the successor

registrar and paying agent may charge for the services it provides as registrar and paying agent and such fees may be paid from the Sinking Fund established to pay the principal of and interest on the 1997 Bonds and fiscal agency charges. Any predecessor registrar and paying agent shall deliver all of the 1997 Bonds and any cash or investments in its possession with respect thereto, together with the registration books, to the successor registrar and paying agent.

Section 6. Redemption of BANs and 1997 Bonds. (a) The BANs are prepayable by the City, in whole or in part, at any time upon 7 days' notice to the owner of the BANs, without any premium.

(b) The 1997 Bonds may be made redeemable at the option of the City on thirty (30) days' notice, in whole or in part, in inverse order of maturities selected by the City and by lot within a maturity, on dates and with premiums, if any, and other terms as determined by the Mayor and Controller of the City, with the advice of the City's financial advisor, as evidenced by delivery of the form of 1997 Bonds to the Registrar for authentication.

Notice of redemption shall be mailed by first-class mail or by registered or certified mail to the address of each registered owner of a 1997 Bond to be redeemed as shown on the Registration Record not more than sixty (60) days and not less than thirty (30) days prior to the date fixed for redemption except to the extent such redemption notice is waived by owners of 1997 Bonds redeemed, provided, however, that failure to give such notice by mailing, or any defect therein, with respect to any 1997 Bond shall not affect the validity of any proceedings for the redemption of any other 1997 Bonds. The notice shall specify the date and place of redemption, the redemption price and the CUSIP numbers of the 1997 Bonds called for redemption. The place of redemption may be determined by the City. Interest on the 1997 Bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such 1997 Bonds shall no longer be protected by this Ordinance and shall not be deemed to be outstanding hereunder, and the holders thereof shall have the right only to receive the redemption price.

All 1997 Bonds which have been redeemed shall be canceled and shall not be reissued; provided, however, that one or more new registered bonds shall be issued for the unredeemed portion of any 1997 Bond without charge to the holder thereof.

No later than the date fixed for redemption, funds shall be deposited with the Paying Agent or another paying agent to pay, and such agent is hereby authorized and directed to apply such funds to the payment of, the 1997 Bonds or portions thereof called for redemption, including accrued interest thereon to the redemption date. No payment shall be made upon any 1997 Bond or portion thereof called for

redemption until such 1997 Bond shall have been delivered for payment or cancellation or the Registrar shall have received the items required by this Ordinance with respect to any mutilated, lost, stolen or destroyed bond.

Section 7. Execution and Negotiability. Each of the BANs and 1997 Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor and the Controller, and attested by the manual or facsimile signature of the Clerk, and the Seal of the City shall be affixed, imprinted or impressed to or on each of the BANs and 1997 Bonds manually, by facsimile or any other means. In case any officer whose signature or facsimile signature appears on the 1997 Bonds shall cease to be such officer before the delivery of the 1997 Bonds, the signature of such officer shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

The 1997 Bonds shall also be authenticated by the manual signature of the Registrar, and no 1997 Bond shall be valid or become obligatory for any purpose until the certificate of authentication thereon has been so executed.

The BANs and 1997 Bonds shall have all of the qualities and incidents of negotiable instruments under the laws of the State of Indiana, subject to the provisions for registration herein.

Section 8. Authorization of Book Entry System. The 1997 Bonds may, in compliance with all applicable laws, be initially issued and held in book-entry form on the books of the central depository system, The Depository Trust Company, its successors, or any successor central depository system appointed by the City from time to time (the "Clearing Agency"), without physical distribution of bonds to the purchasers. The following provisions of this Section apply in such event.

One definitive 1997 Bond of each maturity shall be delivered to the Clearing Agency and held in its custody. The City and Registrar may, in connection herewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the 1997 Bonds, as are necessary or appropriate to accomplish or recognize such book-entry form 1997 Bonds.

During any time that the 1997 Bonds are held in book-entry form on the books of a Clearing Agency (1) any such 1997 Bond may be registered upon the books kept by the Registrar in the name of such Clearing Agency, or any nominee thereof, including CEDE & Co.; (2) the Clearing Agency in whose name such 1997 Bond is so registered shall be, and the City and the Registrar and Paying Agent may deem and treat such Clearing Agency as, the absolute owner and holder of such 1997 Bond for all purposes of this Ordinance, including, without limitation, the receiving of payment of the principal of, premium, if any, on and interest on such 1997 Bond,

the receiving of notice and giving of consent; (3) neither the City nor the Registrar or Paying Agent shall have any responsibility or obligation hereunder to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any 1997 Bond, including, without limitation, any responsibility or obligation hereunder to maintain accurate records of any interest in any 1997 Bond or any responsibility or obligation hereunder with respect to the receiving of payment of principal, premium, if any, or interest on any 1997 Bond, the receiving of notice or the giving of consent; and (4) the Clearing Agency is not required to present any 1997 Bond called for partial redemption prior to receiving payment so long as the Registrar and Paying Agent and the Clearing Agency have agreed to the method for noting such partial redemption.

If either (i) the City receives notice from the Clearing Agency which is currently the registered owner of the 1997 Bonds to the effect that such Clearing Agency is unable or unwilling to discharge its responsibility as a Clearing Agency for the 1997 Bonds or (ii) the City elects to discontinue its use of such Clearing Agency as a Clearing Agency for the 1997 Bonds, then the City and Registrar and Paying Agent each shall do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the 1997 Bonds, as are necessary or appropriate to discontinue use of such Clearing Agency as a Clearing Agency for the 1997 Bonds and to transfer the ownership of each of the 1997 Bonds to such person or persons, including any other Clearing Agency, as the holder of the 1997 Bonds may direct in accordance with this Ordinance. Any expenses of such discontinuance and transfer, including expenses of printing new certificates to evidence the 1997 Bonds, shall be paid by the City.

During any time that the 1997 Bonds are held in book-entry form on the books of a Clearing Agency, the Registrar shall be entitled to request and rely upon a certificate or other written representation from the Clearing Agency or any participant or indirect participant with respect to the identity of any beneficial owners of the 1997 Bonds as of a record date selected by the Registrar. For purposes of determining whether the consent, advice, direction or demand of a registered owner of the Bond has been obtained, the Registrar shall be entitled to treat the beneficial owners of the 1997 Bonds as the bondholders and any consent, request, direction, approval, objection or other instrument of such beneficial owner may be obtained in the fashion described in this Ordinance.

During any time that the 1997 Bonds are held in book-entry form on the books of a Clearing Agency, the Mayor, the Controller, the Clerk and the Registrar are authorized to enter into a Letter of Representations agreement with the Clearing Agency, and the provisions of any such Letter of Representations or any successor

agreement shall control on the matters set forth herein. The Registrar, by accepting the duties of Registrar under this resolution, agrees that it will (i) undertake the duties of agent set forth therein and that those duties to be undertaken by either the agent or the issuer shall be the responsibility of the Registrar, and (ii) comply with all requirements of the Clearing Agency, including without limitation same day funds settlement payment procedures. Further, so long as the 1997 Bonds remain and are held in book-entry form, the provisions of Section 8 of this Ordinance shall control over conflicting provisions in any other section of this Ordinance.

Section 9. Form of 1997 Bonds. The form and tenor of the 1997 Bonds shall be substantially as follows, all blanks to be filled in properly and all necessary additions and deletions to be made prior to delivery:

R-__

UNITED STATES OF AMERICA

STATE OF INDIANA COUNTY OF ALLEN

CITY OF FORT WAYNE
SEWAGE WORKS JUNIOR REVENUE
BOND OF 1997

Interest Rate	Maturity Date	Original Date	Authentication Date	CUSIP

REGISTERED OWNER:

PRINCIPAL SUM: Dollars ($_____

The City of Fort Wayne, in Allen County, State of Indiana (the "City"), for value received, hereby promises to pay to the Registered Owner named above or registered assigns, solely out of the special revenue fund hereinafter referred to, the Principal Sum set forth above on the Maturity Date set forth above (unless this bond be subject to and be called for redemption prior to maturity as hereinafter provided), and to pay interest hereon at the Interest Rate per annum stated above, from the interest payment date to which interest has been paid next preceding the Authentication Date of this bond unless this bond is authenticated after the fifteenth day of the month preceding an interest payment date and on or before such interest payment date in which case it shall bear interest from such interest payment date, or unless this bond is authenticated on or before _____, in which case it shall bear interest from the Original Date, until the principal is paid, which interest is

payable semiannually on the first days of February and August in each year, beginning on February 1, 1998.

The principal of and premium, if any, on this bond are payable at the principal office of _____ (the "Registrar", or "Paying Agent"), in the _____, _____. All payments of interest on this bond shall be paid by check, mailed one business day prior to the interest payment date or, in the event of purchase by the Indiana Bond Bank or such owner in whose name is registered $1,000,000 or more principal amount of the Bonds by wire transfer for deposit to a financial institution as designated by the Indiana Bond Bank or such registered owner on the due date or, if such due date is a day when financial institutions are not open for business, on the business day immediately after such due date, to the registered owner hereof as of the fifteenth day of the month preceding such interest payment date at the address as it appears on the registration books kept by the Registrar or at such other address as is provided to the Paying Agent in writing by the registered owner. All payments on the bond shall be made in any coin or currency of the United States of America, which on the dates of such payment, shall be legal tender for the payment of public and private debts.

THE CITY SHALL NOT BE OBLIGATED TO PAY THIS BOND OR THE INTEREST HEREON EXCEPT FROM THE HEREINAFTER DESCRIBED SPECIAL FUND, AND NEITHER THIS BOND NOR THE ISSUE OF WHICH IT IS A PART SHALL IN ANY RESPECT CONSTITUTE A CORPORATE INDEBTEDNESS OF THE CITY WITHIN THE PROVISIONS AND LIMITATIONS OF THE CONSTITUTION OF THE STATE OF INDIANA.

The terms and provisions of this bond are continued on the reverse side hereof and such terms and provisions shall for all purposes have the same effect as though fully set forth at this place.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the execution, issuance and delivery of this bond have been done and performed in regular and due form as provided by law.

This bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been executed by an authorized representative of the Registrar.

IN WITNESS WHEREOF, the City of Fort Wayne, in Allen County, Indiana, has caused this bond to be executed in its corporate name by the manual or facsimile signature of the Mayor and Controller, its corporate seal to be hereunto affixed, imprinted or impressed by any means and attested manually or by facsimile by its Clerk.

CITY OF FORT WAYNE, INDIANA

By _____

By _____

[SEAL]

Attest:

_____

Clerk

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Ordinance.

_____

As Registrar

By _____

Authorized Representative

(To be printed on Reverse Side)

This bond is one of an authorized issue of bonds of the City of Fort Wayne, Indiana, of like date, tenor and effect, except as to denomination numbering rates of interest, redemption terms and dates of maturity; aggregating _____ Dollars ($_____), numbered consecutively from 97R-1 upward (the "Bonds"), issued for the purpose of providing funds to be applied on the cost of improvements to the City's sewage works (the "Project"), to refund interim notes, if any, issued in anticipation of the Bonds and to pay costs of issuance of the Bonds. This bond is issued pursuant to an ordinance adopted by the Common Council of said City on the _____ day of _____, 1997, entitled "An Ordinance concerning the construction of improvements to the sewage works of the City of Fort Wayne, Indiana, authorizing the issuance of Sewage Works Junior Revenue Bonds of 1997, for such purpose; addressing other matters connected therewith, including the issuance of notes in anticipation of bonds; and repealing ordinances inconsistent herewith" (the "Ordinance"), and in

accordance with the provisions of Indiana law, including without limitation Indiana Code 36-9-23, as amended (the "Act").

Pursuant to the provisions of the Act and the Ordinance, the principal of and interest on this bond and all other bonds of said issue, the Parity Bonds (as hereinafter defined), and any bonds hereafter issued on a parity therewith, are payable solely from the Sewage Works Sinking Fund (the "Sinking Fund") created by the 1938 Ordinance (as defined in the Ordinance) and maintained under the Ordinance to be provided from the Net Revenues (defined as the gross revenues of the sewage works of the City remaining after deduction only for the reasonable cost of operation, repair and maintenance but not including depreciation and payments in lieu of taxes) of the sewage works of the City. This bond and the issue of which it is a part, together with any parity bonds hereafter issued, constitute a third charge against said Net Revenues on a parity with the City's Sewage Works Junior Refunding Revenue Bonds of 1993 and the City's Sewage Works Junior Revenue Bonds of 1994 (collectively, the "Parity Bonds") and are junior and subordinate to the City's 1985 Sewage Works Revenue Refunding Bonds (the "1985 Bonds"), which 1985 Bonds are junior to prior bonds which were refunded with proceeds of the 1985 Refunding Bonds (the 1985 Bonds and such refunded bonds collectively, the "Senior Bonds"), which Refunded Bonds constitute a first charge against said net revenues, all as more fully described in the Ordinance.

The City irrevocably pledges the entire Net Revenues of the sewage works to the prompt payment of the principal and premium, if any, of and interest on the bonds authorized by the Ordinance, of which this is one, and any bonds ranking on a parity therewith, including the Parity Bonds, subject to the rights of the Senior Bonds, to the extent necessary for such purposes, and covenants that it will cause to be fixed, maintained and collected such rates and charges for services rendered by the utility as are sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the sewage works and for the payment of the sums required to be paid into the Sinking Fund under the provisions of the Act and the Ordinance. In the event that the City or the proper officers thereof shall fail or refuse to so fix, maintain and collect such rates or charges, or if there be a default in the payment of the interest on or principal of this bond, the owner of this bond shall have all of the rights and remedies provided for in the Act, including the right to have a receiver appointed to administer the works and to charge and collect rates sufficient to provide for the payment of this bond and the interest hereon, subject to the rights of the holders of the Senior Bonds.

The City further covenants that for so long as the bonds of this issue and any bonds issued on a parity therewith, including the Parity Bonds, remain outstanding, it will set aside and pay into the Sinking Fund a sufficient amount of the Net Revenues of the works to pay (a) the principal and interest on all bonds which by their terms

are payable from the net revenues of the sewage works of the City, as such principal and interest shall fall due, (b) the necessary fiscal agency charges for paying all bonds and interest as required by the Ordinance, and (c) an additional amount to accumulate and maintain a reserve for the payment of bonds equal to Reserve Requirement, which is equal to the least of (i) the maximum amount debt service on the bonds, (ii) 125% of average amount debt service on the bonds, and (iii) 10% of the stated principal amount of the bonds. Reference is made to the Ordinance for a more complete statement of the revenues from which and conditions under which this bond is payable, a statement of the conditions on which obligations may hereafter be issued on parity with this bond, the manner in which the Ordinance may be amended and the general covenants and provisions pursuant to which this bond has been issued.

The bonds of this issue maturing on and after August 1, ____ are redeemable at the option of the City on August 1, ____, or any date thereafter, on thirty (30) days' notice, in whole or in part, in inverse order of maturity and by lot within a maturity, at face value, together with the following premiums:

___% if redeemed on August 1, ____ or thereafter
on or before September 30, ____;
___% if redeemed on August 1, ____, or thereafter
on or before September 30, ____;
___% if redeemed on August 1, _____, or thereafter
prior to maturity;

plus accrued interest to the date fixed for redemption. If less than all of the bonds are called for redemption at one time, the bonds shall be redeemed in inverse order of maturity and by lot within a maturity. Each Five Thousand Dollars ($5,000) principal amount shall be considered a separate bond for purposes of redemption.

Notice of such redemption shall be mailed to the address of the registered owners of the bonds to be redeemed as shown on the registration records of the City, as of the date which is not more than sixty (60) days prior to such redemption date, and not less than thirty (30) days prior to the date fixed for redemption unless the notice is waived by the registered owner of this bond. The notice shall specify the date and place of redemption and sufficient identification of the bonds called for redemption. The place of redemption may be determined by the City. Interest on the bonds so called for redemption shall cease on the redemption date fixed in such notice if sufficient funds are available at the place of redemption to pay the redemption price on the date so named, and thereafter, such bonds shall no longer be protected by the Ordinance and shall not be deemed to be outstanding thereunder, and the holders thereof shall have the right only to receive the redemption price.

If this bond shall not be presented for payment or redemption on the date fixed therefor, the City may deposit in trust with its depository bank, an amount sufficient to pay such bond or the redemption price, as the case may be, and thereafter the registered owner shall look only to the funds so deposited in trust with said bank for payment and the City shall have no further obligation or liability in respect thereto.

This bond is transferable or exchangeable only upon the books of the City kept for that purpose at the principal corporate trust office of the Registrar by the registered owner hereof in person, or by his attorney duly authorized in writing, upon surrender of this bond together with a written instrument of transfer or exchange satisfactory to the Registrar duly executed by the registered owner, or his attorney duly authorized in writing, and thereupon a new fully registered bond or bonds in an authorized aggregate principal amount and of the same maturity, shall be executed and delivered in the name of the transferee or to the registered owner, as the case may be, in exchange therefor. This bond may be transferred without cost to the registered owner except for any tax or governmental charge required to be paid with respect to the transfer. The City, the Registrar, the Paying Agent and any other registrar or paying agent for this bond may treat and consider the person in whose name this bond is registered as the absolute owner hereof for all purposes including for the purpose of receiving payment of, or on account of, the principal hereof and interest and premium, if any due thereon.

This bond is subject to defeasance prior to redemption or payment as provided in the Ordinance referred to herein. THE OWNER OF THIS BOND, BY THE ACCEPTANCE HEREOF, HEREBY AGREES TO ALL THE TERMS AND PROVISIONS CONTAINED IN THE ORDINANCE. The Ordinance may be amended without the consent of the owners of the bonds as provided in the Ordinance if the Common Council of the City determines, in its sole discretion, that the amendment shall not adversely affect the rights of any of the owners of the bonds.

The bonds maturing in any one year are issuable only in fully registered form in the denomination of $5,000 or any integral multiple thereof.

A Continuing Disclosure Contract from the City to each registered owner or holder of any bond, dated as of the date of initial issuance of the bonds (the "Contract"), has been executed by the City, a copy of which is available from the City and the terms of which are incorporated herein by this reference. The Contract contains certain promises of the City to each registered owner or holder of any bond, including a promise to provide certain continuing disclosure. By its payment for and acceptance of this bond, the registered owner or holder of this bond assents to the Contract and to the exchange of such payment and acceptance for such promises.

The following abbreviations, when used in the inscription of the face of this bond, shall be construed as through they were written out in full according to applicable laws or regulations:

TEN. COM.	as tenants in common
TEN. ENT.	as tenants by the entireties
JT. TEN.	as joint tenants with right of survivorship and not as tenants in common
UNIF. TRAN. MIN. ACT	_____ Custodian _____ (Cust.) (Minor) under Uniform Transfer to Minors Act of _____ (State)

Additional abbreviations may also be used although not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____ this bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer the within bond in the books kept for the registration thereof with full power of substitution in the premises.

Dated: _____

_____

NOTICE: The Signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor participating in a Securities Transfer Association recognized signature guarantee program.

[END OF BOND FORM]

Section 10. Sale of Bonds. (a) The Controller shall cause to be published a notice of sale once each week for two consecutive weeks in accordance with Indiana Code Section 5-3-1-2. The date fixed for the sale shall not be earlier than fifteen (15) days after the first of such publications and not earlier than three (3) days after the second of such publications. Said bond sale notice shall state the time and place of sale, the purpose for which the 1997 Bonds are being issued, the total amount thereof, the amount and date of each maturity, the maximum rate or rates of interest thereon, their denominations, the time and place of payment, the terms and conditions upon which bids will be received and the sale made and such other information as is required by law or as the Controller shall deem necessary, including any terms and conditions of sale which provide an exclusion from the applicability of the SEC Rule (as defined below) or otherwise provide an exemption from all or any portion of the SEC Rule, in which case the Controller may set the minimum authorized denomination of the 1997 Bonds at One Hundred Thousand Dollars ($100,000) as contemplated by the SEC Rule.

All bids for the 1997 Bonds shall be sealed and shall be presented to the Controller in accord with the terms set forth in the bond sale notice. Bidders for the 1997 Bonds shall be required to name the rate or rates of interest which the 1997 Bonds are to bear, which shall be the same for all 1997 Bonds maturing on the same date and the interest rate bid on any maturity of 1997 Bonds must be no less than the interest rate bid on any and all prior maturities, not exceeding eight percent (8%) per annum, and such interest rate or rates shall be in multiples of one hundredth of one percent. The Controller shall award the 1997 Bonds to the bidder who offers the lowest interest cost, to be determined by computing the total interest on all the 1997 Bonds to their maturities and deducting therefrom the premium bid, if any, or adding thereto the amount of the discount, if any. No bid for less than _____ (___%) of the par value of the 1997 Bonds, plus accrued interest, shall be considered. The Controller may require that all bids be accompanied by certified or cashier's checks payable of the aggregate principal amount of the 1997 Bonds as a guaranty of the performance of said bid, should it be accepted. In the event no satisfactory bids are received on the day named in the sale notice, the sale may be continued from day to day thereafter for a period of thirty (30) days without readvertisement; provided, however, that if said sale is continued, no bid shall be accepted which offers an interest cost which is equal to or higher than the best bid received at the time fixed

for sale in the bond sale notice. The Controller shall have full right to reject any and all bids.

As an alternative to public sale, the Controller may negotiate the sale of the 1997 Bonds to the Indiana Bond Bank at an interest rate or rates not exceeding eight percent (8%) per annum. The Mayor, the Controller and the Clerk are hereby authorized to (i) submit an application to the Indiana Bond Bank, (ii) execute a purchase agreement with the Indiana Bond Bank; and (iii) sell such 1997 Bonds upon such terms as are acceptable to the Mayor and the Controller consistent with the terms of this Ordinance.

After the 1997 Bonds have been properly sold and executed, the Controller shall receive from the purchasers payment for the 1997 Bonds and shall provide for delivery of the 1997 Bonds to the purchasers.

(b) The Controller is hereby authorized and directed to have the BANs and the 1997 Bonds prepared, and the Mayor, the Controller, and the Clerk are hereby authorized and directed to execute and attest the BANs and the 1997 Bonds in the form and manner provided herein. The Controller is hereby authorized and directed to deliver the BANs and the 1997 Bonds to the respective purchasers thereof. At the time of delivery of the BANs and the 1997 Bonds, the Controller shall collect the full amount which the respective purchasers have agreed to pay therefor, which amount shall not be less than ____% of the face value of said BANs and ____% of the value of the 1997 Bonds plus accrued interest to the date of delivery.

(c) The 1997 Bonds, when fully paid for and delivered to the Purchaser, as hereinafter defined, shall be the binding special revenue obligations of the City, payable out of the Net Revenues of the sewage works.

(d) The Mayor, the Controller and Clerk are hereby authorized to deem final an official statement with respect to the 1997 Bonds, as of its date, in accordance with the provisions of Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "SEC Rule"), subject to completion as permitted by the SEC Rule, and the City further authorizes the distribution of the deemed final official statement, and the execution, delivery and distribution of such document as further modified and amended with the approval of the Mayor, the Controller or the Clerk in the form of a final official statement.

In order to assist any underwriter of the 1997 Bonds in complying with paragraph (b)(5) of the SEC Rule by undertaking to make available appropriate disclosure about the City and the 1997 Bonds to participants in the municipal securities market, the City hereby covenants, agrees and undertakes, in accordance

with the SEC Rule, unless excluded from the applicability of the SEC Rule or otherwise exempted from the provisions of paragraph (b)(5) of the SEC Rule, that it will comply with and carry out all of the provisions of the continuing disclosure contract. "Continuing disclosure contract" shall mean that certain continuing disclosure contract executed by the City and dated the date of issuance of the 1997 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The execution and delivery by the City of the continuing disclosure contract, and the performance by the City of its obligations thereunder by or through any employee or agent of the City, are hereby approved, and the City shall comply with and carry out the terms thereof.

(e) In connection with the sale of the 1997 Bonds, the Mayor and the Fiscal Officer and the officers of the Commission are each authorized to execute and deliver such agreements and instruments as they deem advisable to secure bond insurance for the 1997 Bonds, and the execution and delivery of such agreements and instruments are hereby approved.

(f) The opinion of Barnes & Thornburg, bond counsel, approving the legality of the 1997 Bonds, will be furnished to the purchasers at the expense of the City.

Section 11. Use of Proceeds and Costs of Issuance.

The accrued interest received at the time of delivery of the 1997 Bonds, if any, and premium, if any, shall be deposited in the Sinking Fund (as hereafter defined) and applied to the payment on the 1997 Bonds on the first interest payment date. The proceeds from the sale of the 1997 Bonds, to the extent not used to refund BANs issued pursuant to this Ordinance, or partially fund the Reserve Requirement, and BANs and BAN proceeds shall be deposited in a bank or banks which are legally designated depositories for the funds of the City, in a special account or accounts to be designated as "City of Fort Wayne, Sewage Works Construction Fund" (the "Construction Fund"). The funds in the Construction Fund shall be expended only for the purpose of paying the cost of the Project, refunding the BANs, if issued, or as otherwise required by the Act or for the expenses of issuance of the 1997 Bonds, including the premium of any bond insurance obtained for the 1997 Bonds.

Any balance or balances remaining unexpended in such special fund or funds after completion of the Project, which are not required to meet unpaid obligations incurred in connection with such Project, shall either (1) be paid into the Sinking Fund and used solely for the purposes of the Sinking Fund or (2) be used for the same purpose or type of project for which the 1997 Bonds were originally issued, all in accordance with IC 5-1-13, as amended and supplemented.

Section 12. Revenue Fund. There is hereby continued a fund continued under the Parity Ordinances, known as the Sewage Works Revenue Fund (the "Revenue Fund"), into which there shall be deposited upon receipt, all income and revenues of the sewage works. This fund shall be maintained separate and apart from all other accounts of the City. Out of this fund the proper and reasonable expenses of operation, repair and maintenance of the works shall be paid and the requirements of the Sewage Works Sinking Fund shall be met. Payments in lieu of taxes shall be made not more frequently than semiannually on June 30 and December 31 and may be made only if the amounts required to be held as of such dates in the Sinking Fund pursuant to Section 9 are so held.

Section 13. Sinking Fund for Bonds. The special fund designated "Sewage Works Sinking Fund" (the "Sinking Fund" or "Sewage Works Sinking Fund") created by Ordinance No. 1939, adopted on July 26, 1938 (the "1938 Ordinance"), and continued for the payment of the Senior Bonds and the Parity Bonds, is hereby continued and designated as the special fund for the interest on and principal of the 1997 Bonds and the payment of any fiscal agency charges in connection with the payment of the 1997 Bonds and interest thereon. The special account within the Sinking Fund designated as the "1993/1994 Sewage Works Reserve Account" created by the 1993 Ordinance and redesignated by the 1994 Ordinance, is hereby redesignated as the "1993/1994/1997 Sewage Works Reserve Account" (the "Sewage Works Reserve Account"), which Account is hereby continued as a debt service reserve for the Parity Bonds, and is constituted as a debt service reserve for the 1997 Bonds and any bond subsequently issued on a parity with the Parity Bonds or the 1997 Bonds, and which Account is separate from the Sewage Works Reserve Account created in the 1985 Ordinance as a debt service reserve for the 1985 Bonds (the "1985 Reserve"). The Sinking Fund shall be continued until all of the bonds issued under the prior ordinances authorizing said bonds and this Ordinance have been paid.

There shall be set aside and paid into the Sinking Fund three business days prior to the first day of each calendar month, as available, or more often if necessary, a sufficient amount of the net revenues of said sewage works for the payment of (a) the interest on all bonds which by their terms are payable from the revenues of the sewage works, as such interest shall fall due; provided, however, that credit shall be given for interest payable on any Refunded Bonds, so long as sufficient funds are available under the 1985 Escrow Agreement for the payment thereof, (b) the necessary fiscal agency charge for paying said bonds and interest, (c) the principal of all bonds which by their terms are payable from the revenues of the sewage works as they fall due; provided, however, that credit shall be given for principal payable on any Refunded Bonds, so long as sufficient funds are available under the 1985 Escrows Agreement for the payment thereof, (d) an additional amount as a margin of safety, which margin, together with any unused surplus of such margin carried

forward from the preceding year, shall equal not less than ten percent (10%) of all other amounts so required to be paid into the Sinking Fund and (e) any amounts necessary to maintain a balance in the Sewage Works Reserve Account equal to the Sewage Works Reserve Requirement as defined below. The term "net revenues" as used in this section shall be construed to mean the revenues for any calendar year after deduction only for the reasonable cost of operation, maintenance and repair. The monthly payments into the Sinking Fund shall be in an amount equal to at least one-twelfth (1/12) of the amount required for such payments during the then next succeeding twelve (12) calendar months and shall continue until such time as the Sinking Fund shall contain an amount sufficient to pay all of the bonds then outstanding, together with the interest thereon to the dates of maturity thereof. In addition to said required monthly payments into the Sinking Fund, all of the net revenues of the sewage works not used in making said required payments shall be set aside and paid into the Sinking Fund monthly, as available, until there has been accumulated in the Sinking Fund, over and above said required payments but including the funded reserves and investment income thereon, an amount equal to the sum of the principal of and interest on all then outstanding bonds which will be payable during the then next succeeding twelve (12) calendar months. The Sinking Fund shall be maintained at such levels, and additional amounts of net revenues shall be deposited in the Sinking Fund to the extent necessary to maintain such levels.

The Sewage Works Reserve Account will be held as a debt service reserve for the Parity Bonds, the 1997 Bonds and any additional bonds subsequently issued on a parity with the Parity Bonds or the 1997 Bonds and credited to the City's obligation to accumulate net revenues in the Sinking Fund in addition to the required monthly payments or as a margin of safety with respect to such bonds. There shall be held in said Sewage Works Reserve Account an amount which equals the following with respect to the Parity Bonds, the 1997 Bonds and any additional bonds subsequently issued on a parity with the Parity Bonds or the 1997 Bonds (the "Sewage Works Reserve Requirement"): the lesser of 10% of the proceeds thereof, the maximum annual principal and interest requirements thereon, or 125% of the average annual principal and interest requirements thereon. The Sewage Works Reserve Requirement is hereby determined to be reasonable. All money in the Sewage Works Reserve Account shall be used and withdrawn by the City solely for the purpose of making payment on the Parity Bonds and the 1997 Bonds and any additional bonds subsequently issued on a parity with the Parity Bonds or the 1997 Bonds to the extent that available moneys in the Sinking Fund are insufficient for such purpose, or to make the final payments on such bonds when money in the Sewage Works Reserve Account, together with other money held in the Sinking Fund, is sufficient to make all remaining payments to final maturity, provided, notwithstanding the foregoing, amounts in the Sewage Works Reserve Account in excess of the Sewage Works Reserve Requirement may be transferred from time to time to the Sewage Works Operation and Maintenance Fund or, if such fund is

funded in accordance with Section 10 hereof, to the Sewage Works Replacement Fund. If amounts on deposit in the Sewage Works Reserve Account shall, at any time, be less than the Sewage Works Reserve Requirement, such deficiency shall be made up over a twelve (12) month period, after required monthly deposits to the Sinking Fund and after making any required payments under the 1985 Ordinance to make up any deficiency in the 1985 Reserve, to restore the balance of the Sewage Works Reserve Account to an amount equal to the Sewage Works Reserve Requirement.

Any excess revenues of the sewage works available after making the deposits required by Sections 12 and 13 above may be used to provide or restore any debt service reserve account established to secure junior bonds as contemplated by Section 20(d).

In no event shall any part of the Sinking Fund be used in purchasing bonds, except to the extent that the amount then in the Sinking Fund (other than the Sewage Works Reserve Account) exceeds the amount required to pay the principal of the bonds payable therefrom which will mature within a period of twelve (12) calendar months next following the date of such purchase, together with all interest on the bonds payable. Any such excess of funds above said required levels may be used in purchasing outstanding bonds at a price less than the applicable price at maturity, if first approved by the Board of Public Works and Safety. Moneys in the Sinking Fund shall not be used for any other purpose whatsoever except as provided in this Ordinance.

If the City shall, for any reason, fail to pay into the Sinking Fund the full amount and at the respective times above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Sinking Fund from the first available revenues and the same shall be in addition to the minimum amounts otherwise herein provided to be so set apart and paid.

Withdrawals shall be made from the Sinking Fund and remitted to the places of payment of the interest and principal to meet such payments when due.

The Sinking Fund, as aforesaid, shall be used solely and only and is hereby pledged for the purpose of paying principal of and interest on the bonds which by their terms are payable from said funds. Upon the delivery of said bonds and the receipt of the proceeds, all sums received as accrued interest and premium, if any, shall be placed in the Sinking Fund.

Section 14. Funding Improvements to the Works. In the event that all required payments into the Sinking Fund have been met to date and there has been accumulated as a reserve in said Sinking Fund an amount equal to the respective

sums required by Section 13, and there has been accumulated an amount in a separate fund heretofore created and designated as the Sewage Works Operation and Maintenance Fund and hereby continued (the "Sewage Works Operation and Maintenance Fund") sufficient for operation, repair and maintenance of the works for the then next succeeding twelve (12) calendar months, and for depreciation, then any excess revenues of the works available may be placed in the separate fund heretofore created and designated as the Sewage Works Replacement Fund and hereby continued (the "Sewage Works Replacement Fund"). Moneys in the Sewage Works Replacement Fund may be used to pay the costs of improvements, betterments, extensions, enlargements and additions to the works. No revenues of the works shall be deposited in or credited to the Sewage Works Replacement Fund which will interfere with the requirements of the Sinking Fund, the accumulation of the required reserve therein, or with the requirements as to reserving funds for the operation, maintenance and repair of the works and for depreciation. All or any portion of the funds accumulated and reserved for operation, repair and maintenance for the then next succeeding twelve (12) calendar months in the Sewage Works Operation and Maintenance Fund shall be transferred to the Sinking Fund if necessary to prevent a default in the payment of principal of or interest on the bonds payable from the Sinking Fund.

Section 15. Investments. The moneys in any of such funds or accounts shall be deposited, held, secured or invested in accordance with the laws of the State of Indiana relating to the depositing, holding, securing or investing of public funds, and in accordance with the arbitrage certificate delivered at the time of delivery of any bonds payable from such funds and accounts. Investment of monies in the Sinking Fund (other than the Sewage Works Reserve Account) shall mature on or before the time the monies will be required to pay any debt service. Investment of the Sewage Works Sinking Fund shall be limited to Eligible Investments, as defined in the 1985 Ordinance. Investments of amounts held in the Sewage Works Reserve Account shall have a term to maturity of not greater than ten (10) years.

In computing the amount in any fund or account, investments shall be valued at the market value of such obligations, exclusive of accrued interest. Valuation shall occur semi-annually and immediately upon a withdrawal from the Sewage Works Reserve Account. The depository or depositories for the Sewage Works Sinking Fund shall be a bank which is a member of the Federal Reserve System and of the Federal Deposit Insurance Corporation, or like organizations having similar power and duties. no moneys derived from the revenues of the sewage works (including investment income) shall be transferred to the general fund of the City or be used for any purpose not connected with the sewage works if such transfer or use would interfere with the flow of funds set forth herein.

Investment income from such funds and accounts shall, except as otherwise provided herein, be treated as revenues of the sewage works, and shall be used as provided in this Ordinance.

Section 16. Financial Records and Accounts. The City shall keep proper records and books of account, separate from all of its other records and accounts, in which complete and correct entries shall be made showing all revenues received on account of the operation of the sewage works and all disbursements made therefrom and all transactions relating to the utility. The City shall maintain on file the audited financial statements of the utility prepared by the State Board of Accounts. There shall be furnished, upon written request, to any owner of the 1997 Bonds, the most recent copy of the audited financial statements of the utility prepared by the State Board of Accounts. Copies of all such statements and reports shall be kept on file in the office of the Controller.

Section 17. Defeasance of the 1997 Bonds. If, when the 1997 Bonds or a portion thereof shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the 1997 Bonds or a portion thereof for redemption shall have been given, and the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the 1997 Bonds or a portion thereof then outstanding shall be paid; or (i) sufficient moneys, (ii) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, the principal of and the interest on which when due will provide sufficient moneys for such purpose, or (iii) any combination of the foregoing, shall be held irrevocably in trust for such purpose, and provision shall also be made for paying all fees and expenses for the redemption, then and in that case the 1997 Bonds or any designated portion thereof issued hereunder shall no longer be deemed outstanding or entitled to the pledge of the Net Revenues of the City's sewage works.

Section 18. Rate Covenant. The City covenants and agrees that, by ordinance of the Council, it will establish just and equitable rates or charges for the use of and the service rendered by the works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses said sewage works by or through any part of the sewage system of the City, or that in any way uses or is served by such works; that such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expenses of operation, repair and maintenance of the works, and for the payment of the sums required to be paid into the Sinking Fund by the Act and this Ordinance; and that such rates and charges shall be sufficient in each year to produce net revenues as defined in Section 13 of this Ordinance, equal to 1.1 times the greater of the average annual debt service on the 1985 Bonds, the Parity Bonds, the 1997 Bonds and all bonds issued on a parity therewith or the debt service payable during the next twelve calendar months on the

1985 Bonds, the Parity Bonds, the 1997 Bonds and all bonds issued on a parity therewith. For these purposes, the interest rate on variable rate debt shall be assumed to be the average interest rate thereon in the preceding calendar year. Such rates or charges shall, if necessary, be changed and readjusted from time to time so that the revenues therefrom shall always be sufficient to meet the expenses of operation, repair and maintenance of the sewage works and the requirements of the Sinking Fund. The rates or charges so established shall apply to any and all use of such works by and service rendered to the City and all departments thereof, and shall be paid by the City or the various departments thereof as the charges accrue.

Section 19. Additional Bond Provisions. The City reserves the right to authorize and issue additional BANs at any time ranking on a parity with the BANs. The City reserves the right to authorize and issue additional bonds payable out of the Net Revenues of its sewage works ranking on a parity with the 1997 Bonds for the purpose of financing the cost of future additions, extensions and improvements at its sewage works, or to provide for a complete or partial refunding of bonds payable out of the revenues of the sewage works, subject to the following conditions:

(a) The interest on and principal of all bonds payable from the revenues of the sewage works shall have been paid to date in accordance with the terms thereof, provided, this condition shall be deemed satisfied if any required amount is to be provided from the proceeds of the parity bonds or other funds of the City.

(b) As of the date of issuance of such additional bonds, the balance in the Sewage Works Reserve Account shall equal not less than the Sewage Works Reserve Requirement calculated to include principal and interest requirements on the 1997 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued, provided, this condition shall be deemed satisfied if any required amount is to be provided from the proceeds of the newly issued parity bonds or other funds of the City, and furthermore, the ordinance authorizing the proposed additional parity bonds must include a provision requiring the City to build the balance in the Sewage Works Reserve Account to an amount equal to the Sewage Works Reserve Requirement for the proposed additional parity bonds, unless the Sewage Works Reserve Account is fully funded as of the time of issuance of the additional parity bonds, from available net revenues within twelve (12) months from substantially equal monthly deposits after required monthly deposits to the Sinking Fund.

(c) The net operating revenues of the sewage works in the fiscal year immediately preceding the issuance of any such bonds raking on a parity with the 1997 Bonds shall be not less than one hundred twenty percent

(120%) of the maximum annual interest and principal requirements of the then outstanding 1997 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued; or, prior to the issuance of said parity bonds, the sewage rates and charges shall be increased or the service area or customer base shall be expanded sufficiently so that said increased rates and charges and/or volume applied to the previous fiscal year's operations would have produced net operating revenues for said year equal to not less than one hundred twenty percent (120%) of the maximum annual interest and principal requirements of the then outstanding 1997 Bonds, any then outstanding parity bonds and the additional parity bonds proposed to be issued; provided, however, annual interest an principal requirements of a series of bonds may be reduced in inverse order of maturity for the purposes of this subsection by the balance in the Sewage Works Reserve Account allocable thereto. For purposes of this subsection, the records of the sewage works shall be analyzed and all showings shall be prepared by a certified public accountant or independent financial advisor employed by the City for that purpose.

(d) The principal of said additional parity bonds shall be payable on August 1 and the interest on said additional parity bonds shall be payable semiannually on February 1 and August 1 during the periods in which principal and interest are payable, and, if the additional parity bonds are issued as capital appreciation bonds, the amount payable at maturity thereof shall be payable on February 1 and/or August 1 during the periods in which such maturity amounts are payable.

(e) Additional parity bonds issued as variable rate debt must be assumed to bear the maximum interest rate thereon for the purpose of certifying satisfaction of the 120% condition set forth above, and a maximum rate must be set for any such variable rate additional parity bonds. Furthermore, any put feature associated with such variable rate debt must be covered by remarketing proceeds or a liquidity facility issued by a provider which is rated on one of the two highest short-term rating categories of Moody's Investors Service or Standard & Poors Corporation.

Section 20. Further Covenants of the City; Maintenance, Insurance, Pledge Not To Encumber, Subordinate Indebtedness, and Contract With Bondholders. For the purpose of further safeguarding the interests of the owners of the BANs and the 1997 Bonds, it is hereby specifically provided as follows:

(a) The City shall at all times maintain the sewage works system in good condition, and operate the same in an efficient manner and at a reasonable cost.

(b) So long as any of the 1997 Bonds and BANs are outstanding, the City shall maintain insurance on the insurable parts of said work, of a kind and in an amount such as would normally be carried by private corporations engaged in a similar type of business. All insurance shall be placed with responsible insurance companies qualified to do business under the laws of the State of Indiana.

As an alternative to maintaining such insurance, the City may maintain a self-insurance program with catastrophic or similar coverage so long as such program meets the requirements of any applicable laws or regulations and is maintained in a manner consistent with programs maintained by similarly situated municipalities.

Insurance proceeds or self-insurance proceeds shall be used in replacing or repairing the property destroyed or damaged, or if not used for that purpose, shall be treated and applied as net revenues of the works.

(c) So long as any of the BANs and 1997 Bonds are outstanding, the City shall not mortgage, pledge or otherwise encumber the property and plant of its sewage works system, or any part thereof, and shall not sell, lease or otherwise dispose of any part of the same, excepting only such machinery, equipment or other property as may be replaced, or shall no longer be necessary for use in connection with said utility.

(d) Except as otherwise specifically provided in Section 19 of this Ordinance and in the Parity Ordinances, so long as any of the 1997 Bonds are outstanding, no additional bonds or other obligations pledging any portion of the revenues of the system shall be authorized, issued or executed by the City, except such as shall be made junior and subordinate in all respects to the 1997 Bonds, unless all of the 1997 Bonds are redeemed and retired coincidentally with the delivery of such additional bonds or other obligations.

(e) The City shall take all actions or proceedings necessary and proper, to the extent permitted by law, to require connection of all property where liquid and solid waste, sewage, night soil or industrial waste is produced with available sanitary sewers. The City shall, insofar as possible, and to the extent permitted by law, cause all such sanitary sewers to be connected with said sewage works.

(f) The provisions of this ordinance shall constitute a contract by and between the City and the owners of the 1997 Bonds and BANs herein authorized, all the terms of which shall be enforceable by any bondholder by any and all appropriate proceedings in law or in equity. After the issuance of the 1997 Bonds and BANs, this ordinance shall not be repealed, amended or modified in any respect which will adversely affect the rights or interests of the owners of the 1997 Bonds and BANs, nor shall the Council or any other body of the City adopt any law, ordinance or

resolution in any way adversely affecting the rights of such owners so long as any of the 1997 Bonds and BANs, or the interest thereon, remain outstanding or unpaid. Except in the case of changes described in Section 21, this Ordinance may be amended, however, without the consent of the owners of the 1997 Bonds or BANs, if the Council determines, in its sole discretion, that such amendment would not adversely affect the owners of the 1997 Bonds or BANs.

(g) The provisions of this ordinance shall be construed to create a trust in the proceeds of the sale of the 1997 Bonds and BANs herein authorized for the uses and purposes herein set forth, and the owners of the 1997 Bonds and BANs shall retain a lien on such proceeds until the same are applied in accordance with the provisions of this ordinance and said governing Act. The provisions of this ordinance shall also be construed to create a trust in the Net Revenues herein directed to be set apart and paid into the Sinking Fund for the uses and purposes of that Fund as in this ordinance set forth. The owners of the 1997 Bonds shall have all the rights, remedies and privileges set forth in the provisions of the governing Act, including the right to have a receiver appointed to administer the sewage works in the event the City shall fail or refuse to fix and collect sufficient rates and charges for those purposes, or shall fail or refuse to operate and maintain said system and to apply properly the revenues derived from the operation thereof, or if there be a default in the payment of the interest on or principal of the 1997 Bonds.

(h) None of the provisions of this ordinance shall be construed as requiring the expenditure of any funds of the City derived from any sources other than the proceeds of the 1997 Bonds and the operation of the sewage works system.

Section 21. Amendments with Consent of Bondholders. Subject to the terms and provisions contained in this section and Sections 20 and 29, the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the 1997 Bonds issued pursuant to this ordinance and then outstanding shall have the right from time to time, to consent to and approve the adoption by the Council of the City of such ordinance or ordinances supplemental hereto or amendatory hereof, as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding in any particular any of the terms or provisions contained in this ordinance, or in any supplemental ordinance; provided, however, that nothing herein contained shall permit or be construed as permitting:

(a) An extension of the maturity of the principal of or interest on any Bond issued pursuant to this ordinance; or

(b) A reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon; or

(c) The creation of a lien upon or a pledge of the revenues or Net Revenues of the sewage works ranking prior to the pledge thereof created by this ordinance; or

(d) A preference or priority of any 1997 Bond or Bonds issued pursuant to this ordinance over any other 1997 Bond or Bonds issued pursuant to the provisions of this ordinance; or

(e) A reduction in the aggregate principal amount of the 1997 Bonds required for consent to such supplemental ordinance.

If the owners of not less than sixty-six and two-thirds percent (66 2/3%) in aggregate principal amount of the 1997 Bonds outstanding at the time of adoption of such supplemental ordinance shall have consented to and approved the adoption thereof by written instrument to be maintained on file in the office of the Controller of the City, no owner of any 1997 Bond issued pursuant to this ordinance shall have any right to object to the adoption of such supplemental ordinance or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Council of the City from adopting the same, or from taking any action pursuant to the provisions thereof. Upon the adoption of any supplemental ordinance pursuant to the provisions of his section, this ordinance shall be, and shall be deemed, modified and amended in accordance therewith, and the respective rights, duties and obligations under this ordinance of the City and all owners of 1997 Bonds then outstanding, shall thereafter be determined, exercised and enforced in accordance with this ordinance, subject in all respects to such modifications and amendments. Notwithstanding anything contained in the foregoing provisions of this ordinance, the rights and obligations of the City and of the owners of the 1997 Bonds authorized by this ordinance, and the terms and provisions of the 1997 Bonds and this ordinance, or any supplemental or amendatory ordinance, may be modified or altered in any respect with the consent of the City and the consent of the owners of all the 1997 Bonds then outstanding.

Section 22. Tax Covenants. In order to preserve the exclusion of interest on the 1997 Bonds and BANs from gross income for federal tax purposes under Section 103 of the Internal Revenue Code of 1986 as existing on the date of issuance of the 1997 Bonds (the "Code") and as an inducement to purchasers of the 1997 Bonds and BANs, the City represents, covenants and agrees that:

(a) No person or entity other than the City or another state or local

governmental unit will use proceeds of the 1997 Bonds or BANs or property financed by the 1997 Bond or BAN proceeds other than as a member of the general public. No person or entity other than the City or another state or local governmental unit will own property financed by 1997 Bond or BAN proceeds or will have any actual or beneficial use of such property pursuant to a lease, a management or incentive payment contract, arrangements such as take-or-pay or output contracts or any other type of arrangement that differentiates that person's or entity's use of such property from use by the general public.

(b) No portion of the principal of or interest on the 1997 Bonds or BANs is (under the terms of the 1997 Bonds, BANs, this ordinance or any underlying arrangement), directly or indirectly, secured by an interest in property, used or to be used for any private business use or payments in respect of any private business use or payments in respect of such property or to be derived from payments (whether or not to the City) in respect of such property or borrowed money used or to be used for a private business use.

(c) No 1997 Bond or BAN proceeds will be loaned to any person or entity other than another state or local governmental unit. No 1997 Bond or BAN proceeds will be transferred, directly or indirectly, or deemed transferred to a nongovernmental person in any manner that would in substance constitute a loan of the 1997 Bond or BAN proceeds.

(d) The City will not take any action nor fail to take any action with respect to the 1997 Bonds or BAN that would result in the loss of the exclusion from gross income for federal tax purposes on the 1997 Bonds or BANs pursuant to Section 103 of the Code, nor will the City act in any other manner which would adversely affect such exclusion.

(e) It shall be not an event of default under this ordinance if the interest on any 1997 Bond is not excludable from gross income for federal tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of issuance of the 1997 Bonds.

(f) The City hereby covenants that it will rebate any arbitrage profits to the United States to the extent required by the Code and the regulations promulgated thereunder.

(g) These covenants are based solely on current law in effect and in existence on the date of delivery of such 1997 Bonds and BANs.

Notwithstanding any other provisions of this Ordinance, the covenants and authorizations contained in this Section (the "Tax Sections") which are designed to

preserve the exclusion of interest on the 1997 Bonds and BANs from gross income under federal law (the "Tax Exemption") need not be complied with if the City receives an opinion of nationally recognized bond counsel that any Tax Section is unnecessary to preserve the Tax Exemption.

Section 23. Issuance of BANs. (a) The City, having satisfied all the statutory requirements for the issuance of its 1997 Bonds, may elect to issue its BAN or BANs to a financial institution, the Indiana Bond Bank, or to any other purchaser, pursuant to a Bond Anticipation Note Purchase Agreement (the "Purchase Agreement") to be entered into between the City and the purchaser of the BAN or BANs or otherwise. The City Council hereby authorizes the issuance and execution of the BAN or BANs in lieu of initially issuing the 1997 Bonds to provide interim financing for the Project until permanent financing becomes available. It shall not be necessary for the City to repeat the procedures for the issuance of its 1997 Bonds, as the procedures followed before the issuance of the BAN or BANs are for all purposes sufficient to authorize the issuance of the 1997 Bonds and the use of the proceeds to repay the BAN or BANs.

(b) The Mayor and the Controller are hereby authorized and directed to execute a Purchase Agreement in such form or substance as they shall approve acting upon the advice of counsel. The Mayor and the Controller may also take such other actions or deliver such other certificates as are necessary or desirable in connection with the issuance of the BANs or the 1997 Bonds and the other documents needed for the financing as they deem necessary or desirable in connection therewith.

Section 24. Rate Ordinance. The rates and charges of the sewage works are set forth in Ordinance No. _____ adopted on _____, 1997. Such ordinance is incorporated hereby by reference.

Section 25. Satisfaction of Parity Bond Tests of Parity Ordinances. The City Council hereby finds and determines that the adoption of this ordinance and the issuance of the 1997 Bonds in compliance with the Parity Ordinancess does not and will not adversely impact the interests of the owners of the Parity Bonds. The Parity Ordinance shall remain in full force and effect.

Section 26. Severability. If any section, paragraph or provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this ordinance.

Section 27. Other Action. The appropriate officers are hereby authorized to take all actions to obtain a rating, bond insurance or any other form of credit enhancement for the 1997 Bonds if economically feasible and desirable and with the

favorable recommendation of the financial advisors to the City. In addition, the appropriate officers of the City are hereby authorized and directed to take any other action deemed necessary or advisable in order to effectuate the acquisition and construction of the Project, the issuance of the BANs or 1997 Bonds, or any other purposes of this ordinance.

Section 28. Amendment of Ordinance without Consent of Bondholders. The Council may, from time to time, and without the consent of bondholders, adopt ordinances supplemental hereto (which supplemental ordinances shall thereafter form a part hereof) for any one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission in this ordinance or in any supplemental ordinance;

(b) To grant to or confer upon the owners of the 1997 Bonds any additional benefits, rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the owners of the 1997 Bonds, or to make any change which, in the judgment of the Council, is not to the prejudice of the owners of the 1997 Bonds;

(c) To modify, amend or supplement this ordinance to permit the qualification of the 1997 Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America or to obtain or maintain bond insurance with respect to payments of principal of and interest on the 1997 Bonds;

(d) To provide for the refunding or advance refunding of the 1997 Bonds;

(e) To procure a rating on the 1997 Bonds from a nationally recognized securities rating agency designated in such supplemental resolution, if such supplemental resolution will not adversely affect the owners of the 1997 Bonds; or

(f) Any other purpose which in the judgment of the Council does not adversely impact the interests of the owners of the 1997 Bonds.

Section 29. Conflicting Ordinances. All ordinances and parts of ordinances in conflict herewith, except the Parity Ordinance, are hereby repealed. None of the provisions of this Ordinance shall be construed to adversely affect the rights of the owners of the Parity Bonds.

Section 30. Headings. The headings or titles of the several sections shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this ordinance.

Section 31. Effective Date. This ordinance shall be in full force and effect from and after its passage. Upon payment in full of the principal and interest respecting the 1997 Bonds authorized hereby or upon deposit of an amount sufficient to pay when due such amounts in accord with Section 17, all pledges, covenants and other rights granted by this ordinance shall cease.

Council Member

APPROVED AS TO FORM
AND LEGALITY

J. Timothy McCaulay, City Attorney

SEWAGE WORKS JUNIOR REVENUE BONDS OF 1997

Exhibit B

Proposed Principal payable annually,
Beginning August 1, 1998
Interest payable semi-annually,
Beginning February 1, 1998

PROPOSED SCHEDULE

Date	Principal Amount

As Amended
As Amended
As Amended

BILL NO. S-97-04-11

REPORT OF THE COMMITTEE ON FINANCE

JOHN N. CRAWFORD - DONALD J. SCHMIDT - CO-CHAIR
ALL COUNCIL MEMBERS

WE, YOUR COMMITTEE ON FINANCE TO WHOM WAS REFERRED AN (ORDINANCE) (RESOLUTION) concerning the construction of improvements to the sewage works of the City of Fort Wayne, Indiana: authorizing the issuance of Sewage Works Junior Revenue Bonds of 1997 for such purpose: addressing other matters connected therewith, including the issuance of notes in anticipation of bonds: and repealing ordinances inconsistent herewith

HAVE HAD SAID (ORDINANCE) (RESOLUTION) UNDER CONSIDERATION AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID (ORDINANCE) (RESOLUTION)

DO PASS	DO NOT PASS	ABSTAIN	NO REC
John N Crawford			
Diane Hall			
Charles Lunsee			[signature]
Martin H. Bender			
Thomas E Hayhurst			
D J Schmidt			

DATED: 7-1-97.

Sandra E. Kennedy
City Clerk

THE CITY OF FORT WAYNE

CITY-COUNTY BUILDING • ROOM 122 • FORT WAYNE, INDIANA 46802 • 219-427-1221

SANDRA E. KENNEDY, CITY CLERK

July 23, 1997

Ms. Connie Lambert
Fort Wayne Newspapers, Inc.
600 West Main Street
Fort Wayne, IN 46802

Dear Ms. Lambert:

Please give the attached full coverage on the date of July 26, 1997, in both the News Sentinel and Journal Gazette.

RE: Legal Notice for Common Council
of Fort Wayne, IN

NOTICE OF DETERMINATION TO ESTABLISH, CONSTRUCT AND FINANCE IMPROVEMENTS TO THE FORT WAYNE MUNICIPAL SEWAGE WORKS AND THE ADOPTION AND PURPORT OF THE ORDINANCE AUTHORIZING THE SAME

Please send us 3 copies of the Publisher's Affidavit from both newspapers.

Thank you.

Sincerely yours,

Sandra E. Kennedy
City Clerk

SEK/ne
ENCL: 1

NOTICE OF DETERMINATION TO ESTABLISH, CONSTRUCT AND FINANCE IMPROVEMENTS TO THE FORT WAYNE MUNICIPAL SEWAGE WORKS AND THE ADOPTION AND PURPORT OF THE ORDINANCE AUTHORIZING THE SAME

Property owners and other interested parties in the City of Fort Wayne are hereby notified that on July 1, 1997 the Common Council of the City of Fort Wayne adopted Ordinance No. S-63-97 thereby determining and ordering the establishment and construction of additions and improvements to the City's sewage works consisting of the following four major areas: 1) fine pore aeration and denitrification project, 2) North Maumee interceptor relief project, 3) St. Mary's interceptor relief project and 4) certain capacity improvements to the combined sewer and interceptor collection systems pursuant to plans and specifications developed by the City's engineering department.

The cost of the improvement project is $23,500,000 which will be funded from bond proceeds of an amount not to exceed $27,400,000. Ordinance No. S-63-97 further directed and ordered the cost of the project to be financed by the issuance of sewage works revenue bonds and bond anticipation notes ("BANs") each in an amount of $23,500,000. The BANs will be payable from the proceeds of the bonds and the bonds will be payable solely from the net revenues of the sewage works. The BANS will be sold in accordance with IC 5-1-14 and the bonds will be sold at public sale pursuant to IC 5-1-11, at an interest rate not to exceed eight per cent (8%) per annum to be determined by bidding. The bonds will mature annually over a period ending August 1, 2012.

A copy of Ordinance No. S-63-97 may be examined at the office of the Fort Wayne City Clerk, Fort Wayne, Indiana. Objections to this project and the bonds may be filed in the time and manner provided by IC 36-9-23. Dated this 22nd day of July, 1997.

Sandra E. Kennedy, Clerk
City of Fort Wayne, Indiana

Form Prescribed by State Board of Accounts

General Form No. 99P (Revised 1987)

FW COMMON COUNCIL
(Governmental Unit)

ALLEN County, Indiana

To: The Journal-Gazette Dr.
P.O. Box 100
Fort Wayne, IN

PUBLISHER'S CLAIM

LINE COUNT

Display Matter (Must not exceed two actual lines, neither of which shall total more than four solid lines of type in which the body of the advertisement is set) -- number of equivalent lines

Head -- number of lines

Body -- number of lines

Tail -- number of lines

Total number of lines in notice

COMPUTATION OF CHARGES

50 lines, 1 columns wide equals 50 equivalent lines
at .364 cents per line $ 18.20

Additional charge for notices containing rule or tabular work (50 percent of above amount)

Charge for extra proofs of publication ($1.00 for each proof in excess of two) 1.00

TOTAL AMOUNT OF CLAIM $ 19.20

DATA FOR COMPUTING COST

Width of single column 12.5 ems
Number of insertions 1
Size of type 6 point

Pursuant to the provisions and penalties of Chapter 155, Acts 1953,

I hereby certify that the foregoing account is just and correct, that the amount claimed is legally due, after allowing all just credits, and that no part of the same has been paid.

Julie L Smith

Date: JULY 26, 19 97 Title: Clerk

NOTICE OF DETERMINATION TO ESTABLISH CONSTRUCT AND FINANCE IMPROVEMENTS TO THE FORT WAYNE MUNICIPAL SEWAGE WORKS AND THE ADOPTION AND PURPORT OF THE ORDINANCE AUTHORIZING THE SAME

Property owners and other interested parties in the City of Fort Wayne are hereby notified that on July 1, 1997 the Common Council of the City of Fort Wayne adopted Ordinance No. S-63-97 thereby determining and ordering the establishment and construction of additions and improvements to the City's sewage works consisting of the following four major areas: 1) fine pore aeration and denitrification project, 2) North Maumee interceptor relief project, 3) St. Mary's interceptor relief project and 4) certain capacity improvements to the the combined sewer and interceptor collection systems pursuant to plans and specifications developed by the City's engineering department.

The cost of the improvement project is $23,500,000 which will be funded from bond proceeds of an amount not to exceed $27,400,000. Ordinance No. S-63-97 further directed and ordered the cost of the project to be financed by the issuance of sewage works revenue bonds and bond anticipation notes ("BANs") each in an amount of $23,500,000. The BANs will be payable from the proceeds of the bonds and the bonds will be payable solely from the net revenues of the sewage works. The BANs will be sold in accordance with IC 5-1-14 and the bonds will be sold at public sale pursuant to IC 5-1-11, at an interest rate not to exceed eight per cent (8%) per annum to be determined by bidding. The bonds will mature annually over a period ending August 1, 2012.

A copy of Ordinance No. S-63-97 may be examined at the office of the Fort Wayne City Clerk, Fort Wayne, Indiana. Objections to the project and the bonds may be filed in the time and manner provided by IC 36-9-23. Dated this 22nd day of July, 1997.

Sandra E. Kennedy, Clerk
City of Fort Wayne, Indiana
#476253

PUBLISHER'S AFFIDAVIT

State of Indiana)
) ss:
Allen County)

Personally appeared before me, a notary public in and for said county and state, the undersigned JULIE L SMITH who, being duly sworn, says that he/she is Clerk of the The Journal-Gazette newspaper of general circulation printed and published in the English language in the (city) (town) of Fort Wayne, IN in state and county aforesaid, and that the printed matter attached hereto is a true copy, which was duly published in said paper for 1 time , the dates of publication being as follows:

7-26-97

Julie L Smith

Subscribed and sworn to before me this 26th day of JULY, 19 97.

Mary L Schneider
Notary Public

My commission expires:

MARY L SCHNEIDER
NOTARY PUBLIC STATE OF INDIANA
ALLEN COUNTY
MY COMMISSION EXP JUNE 14,2001